

Agricultural Policies and the Farm Security and Rural Investment Act of 2002



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CONTENTS

INTRODUCTION.....	5
The Structure of the Thesis.....	8
 1. AGRICULTURE IN AMERICA, 1780 – 1938.....	10
1.1 Land Acts.....	10
1.2 Economic Issues.....	12
1.3 Infrastructure: Roads, Canals and Railroads.....	13
1.4 Agricultural Technology.....	16
1.5 Agriculture and Education.....	18
1.6 Institutionalization of Agricultural Policies.....	20
 2. THE EVOLUTION OF FARM ORGANIZATIONS.....	23
2.1 Evolutionary Stages.....	25
 3. FARM POLICIES FROM 1938 to 2002.....	30
3.1 Controlling Supply.....	30
3.2 Surplus Problems.....	32
3.3 Towards Direct Payments.....	35
3.4 Towards a Free Market.....	41
3.5 Backtracking and Emergency Relief.....	47
 4. THE FARM SECURITY AND RURAL INVESTMENT ACT OF 2002... 	49
4.1 Emergency Payments.....	50
4.2 Budget Politics and Timeline.....	52
4.3 The House of Representative Debates.....	54
4.4 The White House against House Republicans.....	56
4.5 Toward more Conservation.....	58
4.6 The Texas Tornado.....	63
4.7 The Senate Takes on the House bill.....	64
4.8 Ideal Farm vs. Industrial Farm.....	71
4.9 The Conference Committee.....	74

5. EXPLAINING THE POLITICS OF THE 2002 FARM BILL.....	78
5.1 Interest Groups in Agriculture.....	78
5.2 Logrolling.....	83
5.3 Party Control of Congress.....	84
5.4 The 2002 Election.....	88
5.5 Trade Agreements, Commodity Prices, and Previous Legislation..	89
 6. THE AGRARIAN MYTH.....	 91
6.1 The Colonial Period and Agrarian Roots.....	93
6.2 Origins of the Agrarian Myth.....	94
6.3 The Agrarian Myth in America.....	95
6.4 The Agrarian Myth: Reality vs. Fiction.....	98
6.5 The Agrarian Myth in Popular Culture.....	98
6.6 The Agrarian Myth in Politics.....	99
6.7 The Agrarian Myth and the 2002 Farm Bill.....	101
 CONCLUSION.....	 103
Concluding Remarks.....	106
 BIBLIOGRAPHY.....	 107

To my mother and father,
If I had not been born and raised on a farm this thesis would have probably never been
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INTRODUCTION

On May 13, 2002, President George W. Bush signed into law the Farm Security and Rural Investment Act of 2002. The 2002 farm bill directed federal support not only to agriculture, but a wide range of other programs like social welfare, environment, conservation, and nutrition, many of which are not directly tied to agriculture. The 2002 farm bill would cost \$180 billion over a ten year period, \$70 billion more than the 1996 farm bill. The Federal Agricultural Improvements and Reform Act of 1996 (FAIR Act) was the most serious effort by Congress to reform agricultural policy since its introduction in the 1930s. The FAIR Act had attempted to wean farmers off government subsidies over a seven-year period. But the FAIR Act was considered a failure already in 1998, and agricultural policy was largely changed back to the traditional measure of commodity subsidy programs by the 2002 farm bill. If the FAIR Act had succeeded the 2002 farm bill would have been the last farm bill.

Farm groups, politicians, journalists, economists, and political scientists from all camps have argued for policy change in agriculture. Some insist that farm policy should move away from government intervention to a free-market oriented policy (Orden et al. 1999). Others try to debunk the agrarian myths surrounding agricultural policies and argue that public programs only benefit big corporate farm businesses, not the family farms, and that the current subsidies encourage overproduction which leads to lower commodity prices (Browne et al. 1992). Environmentalists complain that farm subsidies encourage pollution and want more money for conservation. Traditionalists argue for price support programs and to provide a “safety net” for American farmers.

When agricultural policy is mentioned in the media, it is often introduced by the question of why such a small group receives huge federal subsidies. In the months before the introduction of the 2002 farm bill, *the New York Times* complained that new huge subsidies were “out of line at a time when the United States is fighting a sluggish economy and a life-or-death war on terrorism (“The Farm Bill Charade”). Commenting on the 2008 farm bill, *the Economist* labeled the 2002 farm bill a “gargantuan, five-year

giveaway to America's farmers" ("Uncle Sam's teat"). Despite criticism Congress passed a generous farm bill in 2002.

Many of the traditional reasons explaining the outcome of agricultural policy were still valid in 2002. The central research question of this paper is: Why did the 2002 farm bill increase farm subsidies and change agricultural policy away from the free-market direction of the Federal Agricultural Improvement and Reform (FAIR) Act of 1996? To answer this question this thesis will use the Farm Security and Rural Investment Act of 2002 as a case study. The North American Area Studies is an interdisciplinary program that allows the use of many methodological approaches. This thesis will therefore apply methods from both the disciplines of history and political science. It relies primarily on textual studies of legislative documents and analyses of congressional debates and newspaper reports. Because of the contemporary nature of the subject, I have leaned heavily on newspaper articles and internet accounts, while checking these sources against official documents whenever available.

According to the United States Department of Agriculture (USDA) there were 2,128,982 farms in the United States with an average size of 441 acres in 2002. 1,909,598 of these were family or individually owned, 129,593 were partnerships, 73,752 were corporations, and 16,039 were other-cooperative, estates, etc. (USDA, "Census of Agriculture"). According to the Environmental Working Group, the top ten percent of recipients got 74 percent of all USDA payments from 1995 to 2006. Since much of the payments are tied to production, it is the big corporate farms that receive most subsidies. The remaining 80 percent of recipients were paid 12 percent of all USDA subsidies (EWG, "Subsidies in the United States"). In 2002 US agricultural exports were \$53,115,000 and the agricultural percentage of total export eight percent. Import was \$41,909,000, making it a surplus of \$11,205,000. The agricultural export business is a big and vital part of the US economy (OMB, "Summary Tables").

In the nineteenth century agricultural policies consisted primarily of land laws and ways of developing and bringing new technology to agriculture. Congress established the U.S. Department of Agriculture in 1862, which marked the beginning of a federal agricultural policy. After the Great Depression, agricultural policies became institutionalized in permanent legislation in the Agricultural Adjustment Act of 1938.

This piece of legislation established the beginning of a sustained federal involvement in farm policy. It centralized the fragmented farm policies to Washington and became the main focus for farm interest groups. Since then, all farm bills have been temporary amendments to the permanent legislation of the Agricultural Adjustment Act of 1938. Amendments are traditionally added every four to seven years. The 1965 farm bill was the first to establish a comprehensive program covering most commodities. The period leading up to a new farm bill has seen an increasingly fierce battle over the new directions of agricultural policy. If a new farm bill is not produced, the 1938 Act with the 1949 amendments automatically remains the law of the land.

In broad terms on most issues the Democratic Party tend to support a significant role for the federal government, while the Republican Party tend to favor a stronger private sector and less governmental interference. This is also reflected in agricultural policy. Democrats are more supportive of commodity programs with higher price supports and more intrusive supply controls. This is also the traditional position of the National Farmers Union which claims to represent smaller-sized family farms that tend to identify themselves as Democrats. The groups who support federal agricultural programs are most often referred to as traditionalists (Orden 179).

Republicans will more often support farm income programs that do not seek to constrain full-production agriculture. This is also the position of the Farm Bureau which represents large-scale commercial farmers and export interests. There are also those in the Republican Party who support a free-market policy in agriculture that seeks to reform the agriculture sector and end federal programs (Ibid.).

On issues like the environment Democrats are most likely to support conservation programs and regulations. In 2002 Senator Tom Harkin, Democrat of Iowa, took the lead in championing a large conservation program. Republicans will tend to oppose any regulation that is inconvenient to commercial farm operations. It is important to note that one party is not necessarily more favorable toward farmers than the other. Both parties have traditionally advocated helping farmers, and most often both parties have supported generous farm bills.

The Structure of the Thesis

This thesis consists of two main parts. Agricultural policy is an extremely complex, organic, and fragmented policy area that cannot be analyzed in isolation. It has to be put into the context of its origins and history. The 2002 farm bill was an amendment to previous agricultural legislation, and a continuation of a long tradition of agricultural policies. The first main part will provide a historical background of the evolution of policies and interest groups involved in agricultural policy-making. Part two will offer a legislative history and analysis of the 2002 farm bill.

The first chapter is a historical account of agriculture in America from the early days of the republic until agricultural policies were institutionalized in federal programs in 1938. To understand the current agricultural policy debate it is imperative that a historical background of agriculture in the United States is provided. Chapter one relies heavily on the works by historians William W. Cochrane, Douglas R. Hurt, Murray R. Benedict, and David B. Danbom. Policies that were important to the period were land acts, economic issues, infrastructure, technology, and education. Chapter one also discusses the passing of the Agricultural Adjustment Act of 1938 which laid down the foundations for further agricultural policies.

Chapter two is a historical analysis of farm organizations involved in agricultural policy deliberations. The first few pages discuss the political ideology of farmers in early America using the works by Louis Hartz and Adam Smith. In *U.S Agricultural Groups: Institutional Profiles*, William P. Browne and Allan J. Cigler presents five stages of evolution that agricultural groups have gone through. Using these stages as a framework, chapter two presents the history of farm organizations and introduces key actors like the American Farm Bureau Federation and the National Farmers Union.

Chapter three examines the history of farm policies (farm bills) from its initial institutionalization in 1938 to the beginning of the 2002 farm bill debate. It focuses on the evolution of the different policies that have been used as well as political and socio-demographical changes. The chapter relies on a wide range of sources, but particularly the works by historians Thomas R. Wessel and Douglas R. Hurt. At the end of the chapter the 1996 FAIR Act is analyzed using the book *Policy Reform in American Agriculture: Analyses and Prognosis* by economist David Orden, political scientist

Robert Paalberg, and economist Terry Roe. The book offers a legislative history of the 1996 farm bill and explanations to its policy-outcome. The 1996 farm bill is especially important since it was the farm legislation that existed before the 2002 farm bill. It is important to have in mind that Orden et al. champions a free-market agricultural policy.

Chapter four provides a legislative history based on text analysis recounting key events preceding the passing of the 2002 farm bill relying on secondary sources like newspaper reports, but also primary sources from actors involved in the farm bill debate and government documents. Although the selected sources are fairly varied *the New York Times* is often used mainly because it was easy to access. It is important to note that *the New York Times* is an outspoken critic of farm programs. Variations of sources are used whenever available. Editorials are used to express newspaper opinions.

Chapter five provides an analysis of the policy-outcome of the 2002 farm bill. The main focus is on traditional structural explanations and public choice theory. Many of the factors Orden et al. uses to explain the 1996 farm bill is used when discussing the 2002 farm bill. Some of the factors addressed are interest groups, logrolling, party control of Congress, the 2002 election, international trade agreements, previous farm legislation, and commodity prices.

Chapter five discusses structural factors and leaves out the importance of ideas, myths, and tradition to agricultural policy-outcome. A satisfactory analysis needs to include both. The last chapter traces the origins of the agrarian myth and its development in American history and discusses the influence that the agrarian myth has had on agricultural policies and the outcome of the 2002 farm bill.

Agriculture in America, 1780 - 1938

The agricultural sector has been vital to both survival and economic growth on the North American continent since the very first settlement in Jamestown. When the American Revolution was over, and the thirteen colonies had established the United States of America, agriculture was one of the core factors which would shape America socially, economically, and politically. When George Washington took the oath of office on April 30, 1789, he and his fellow founders were faced with an agriculture sector with huge potential. Chapter one will analyze how the evolution of early land policies on the local, state, and federal levels all played their vital part in forming agricultural policy in the 19th and early 20th centuries. It all culminated in the institutionalization of farm policies in the 1930s.

1.1 Land Acts

During the 19th century the United States more than doubled its size. The United States purchased the Louisiana Territory in 1803. Then it obtained Florida from Spain in 1819, annexed Texas as a state in 1845, and made an arrangement with Great Britain for the Oregon Territory in 1846. It achieved the Mexican Cession from Mexico in 1848, obtained the Gadsden Purchase from Mexico in 1853, and purchased Alaska from Russia in 1867. By 1853 the United States stretched from coast to coast and covered an area of more than 1.9 billion acres. The population increased from 9.6 million in 1820 to 31.5 million in 1860 (Cochrane 41). It is no surprise that with such an increase in numbers and size, the issue of land became very important.

An early political front developed between the small farm agrarian ideals of Thomas Jefferson and the more traditional proponents of mercantilism. Jefferson saw a huge potential in America for establishing a democracy of small, independent, and self-sufficient farmers. With the abundance of land, the goal of achieving this was possible. President George Washington appointed Alexander Hamilton as Secretary of the Treasury. Hamilton quickly realized that the new nation was agonizingly poor, and saw

potential in selling land for enormous profit. Jefferson and Hamilton agreed on the need to privatize the land, but they disagreed on how to achieve it. Jefferson wanted to sell in small units and give easy access. Hamilton wanted to sell off bigger chunks at high profits.

The Land Ordinance of 1785 authorized the survey and sale of the public domain. The ordinance laid the groundwork for any land acts that would come later. Land acts that followed were compromises that eventually culminated in the Homestead Act of 1862. Demands for free access to public domains had increased during the 18th century. People believed that the nation could benefit from the land being occupied and cultivated. Many believed that the best way of doing this was giving it away to pioneers. The South did not like this idea, however, because it meant that more people would settle in non-slave states. But the Civil War changed this.

On May 20, 1862, President Lincoln signed the Homestead Act. After the secession of the southern states many obstacles in the way for a settler-friendly public domain policy had been removed. The act opened the interior to many people who otherwise could not afford buying land. Between the “claiming of the first homestead on January 1, 1863, near Beatrice, Nebraska, and 1880, homesteaders established approximately 57 percent of the farms on the frontier” (Hurt 188).

In his book *The Development of American Agriculture*, Willard W. Cochrane points to some of The Homestead Act shortcomings. One was that there was little ‘first-class’ land left in the 1870s and 1880s. Most of the best land had already been taken. Second, 160 acres were too little to make it economically viable on the Great Plains. Third, no serious effort was attempted to get people from the coasts to take advantage of the Homestead Act, although Cochrane contends that it might have been very difficult to achieve even if tried. Fourth, land speculators took advantage of the system and managed to buy up a lot of land. Although inhabiting shortcomings, the Homestead Act was important to spread farmers out into the American interior.

In addition to the Homestead Act, there were four other major land disposal acts: The Timber-Culture Act of 1873, The Desert Land Act of 1877, the Timber and Stone Act of 1878, and the Timber Cutting Act of 1878. All of these acts contributed, for better or worse, to settling the interior of America. The total land in farms increased from

around 407 million acres in 1860 to 839 million acres in 1900 (Cochrane 84). Homesteaders accounted for only 80 million of this increase, meaning that 352 million acres were bought either from railroad companies or speculators. In 1890, The Bureau of the Census declared the frontier closed, and a new era of American agriculture began. Most of the land was settled, although some areas especially in the West did not become settled until technological advances made these areas possible to cultivate. The end of the 19th century marked a change in the farmers' focus from land policies to other areas that became more pressing.

1.2 Economic Issues

At the close of the early 19th century the United States faced two basic economic problems. In *Farm Policies of the United States-1790-1950*, Murray R. Benedict argues that "farmers were active and keenly interested participants in nearly all of the tariff controversies of the nineteenth century" (60). But they were also divided. Agricultural groups in the South produced crops that could be exported for good prices, because both tobacco and cotton production had a huge competitive advantage on the rest of the world. Already from the beginning the South wanted low tariffs and opposed protective duties. The North wanted to protect its industry and naturally wanted high tariffs. This North/South divide was persistent through the entire 19th century. The result of this divide on tariff issues were, according to Murray R. Benedict, that the North most often won, but that the South had an strong moderating influence (60).

Not until the mid-19th century did the West become an important force in American politics. When it did, its farmers often supported high tariffs because their crops were mostly used for national consumption, not export. Their biggest concern was infrastructural problems due to their demographical location. Prices for farmers in the interior were more influenced by transportation costs than by tariffs. Markets in Europe continued to expand during the 19th century. That "enabled farmers to continue their heavy exports without suffering serious handicap from the lack of balance between exports and imports" (Benedict 60). As the 1800s progressed, the image of the need for farmers to be protected from forces outside their power to control grew strong.

Cochrane points to two problems that in particular plagued the pioneer farmers: (1) A shortage of credit and (2) inadequate markets. A universal problem for farmers was access to cheap credit so that they could invest in the necessary equipment. In the rough environment of the westward expansion, the right equipment was a key to success. Farmers also sought ways of competing and gaining access to markets that were rigged against them and ways of fighting the railroads and other monopolies (Cochrane 111). The agrarian revolts of the time were spurred out of the frustration of losing control of marketing their own products. Many attempts were made by farmers to “perform the functions of middlemen, manufacturers, and bankers through cooperative enterprise” (113). These early attempts were short-lived and unsuccessful mostly due to the competition they faced and a lack of business experience. In the early days of the republic, farmers were generally skeptical of any government intervention in their daily life. When Hamilton wanted to establish the first Bank of United States, farmers were generally against it. This reflected more their general ideology of independence than a good understanding of economic issues

During the Civil War the U.S Government started to issue greenbacks that were not backed by gold. Farmers wanted to maintain and increase the circulation of paper money to keep prices high. Others wanted to go back to the gold standard because gold was the standard medium of exchange in international trade. Farmers lost this first major struggle over national policy, much because they were “only loosely organized, and as yet able to express themselves only through their representatives in the national Congress” (Benedict 35). Although farmers lost, it helped them to unite. What farmers at the end of the 19th century sought was exactly what they in the beginning of the 19th century had fought: government intervention. It became evident that America had grown too fast and too big for farmers to have a fighting chance against big business and monopolies. This increasing frustration eventually erupted in the agrarian revolt toward the end of the 19th century.

1.3 Infrastructure: Roads, Canals, and Railroads

When Thomas Jefferson sent Lewis and Clark to explore the interior in the early 1800s, nobody really knew the enormity of the North American continent. Even when they

returned from their travel, the size of the land was still in question. Land was being settled at a rapid pace. This called for infrastructure. To the pioneers and settlers, access to the land was often the most difficult. A farmer could find a good plot of land somewhere, but it might be in the “middle of nowhere”. Industrialization also called for infrastructure, and it very soon became evident that huge investments in roads, canals, and railroads needed to be done. Willard W. Cochrane defines physical infrastructure related to agriculture as “the physical capital, both public and private, which provides services to, and which has a significant effect on, the economic functioning of the individual farm firm, but which is external to the individual farm firm” (209). The development of infrastructure and the consequences these developments gave were one of the most important issues for farmers in the 19th and 20th centuries.

The nature of infrastructural enterprises in early America made it clear that there had to be some government involvement. Large projects like dams, canals, and highways were so expensive that it was impossible for investors to find much profit in them. Most of the states themselves did not have sufficient funds to meet the demands for large highway development. There was also an unwillingness to cooperate on joint projects among states. This resulted in railroads having different standards and contributed to national highways being very slow in their making. Only the federal government could solve this collective action problem. But the strong anti-federalist sentiments of the time made it difficult for the federal government to intervene. The states were not willing to grant the federal government power being afraid that it would become too strong. Many people questioned the constitutional authority of the federal government, and some, like Madison and Hamilton, wanted an amendment to the Constitution to combat this problem. But the federal problem seemed difficult to solve. To make matters worse, the federal government also lacked funds (Benedict 61).

The strong anti-federalist sentiment of both presidents and representatives ruined many joint plans to build roads. This bickering continued throughout the 19th century and the farmers would suffer for it. In 1811, the Cumberland Road, later called the National Road, was the only major highway directly constructed by the federal government (62).

During the same time, states and entrepreneurs started to build canals in the area around the great lakes and the large rivers. This marked the beginnings of a national

infrastructure that would be vital to the whole nation. New York State initiated the Erie Canal in April 1817. In 1825 it was finished at a cost of \$7 million. Tolls taken from the Erie Canal made it a hugely profitable enterprise (Cochrane 213). The success was due to its location and by the possibilities it created. It spurred others to join the canal business, and soon more projects were undertaken. From 1825 to 1840 canals were created to make a web of canals. By 1840, 3,326 miles of canals had been constructed. No major canals were begun after 1840, and the numbers of canals started to decline. The possibilities and potential of canals had been largely developed by 1860. Canals benefited the northeastern part of America the most. Canals did provide efficient transportation to the western ports, but west of Chicago, Minneapolis, and St Paul supplies and products had to be transported by roads.

American farmers needed radical improvements of the physical infrastructure. Although there still were farms that produced their own food and were to a large extent self-sufficient, more and more were marketing their surplus. As technology advanced, the need to get products to markets grew. Settlers needed roads and bridges to travel westward, and farmers already settled needed good transportation to get their products to markets, and to be able to get access to the products they needed. Canals met stiff competition from railroads for a while during the mid-18th century and could only compete on freight rates. They were slower and had natural boundaries, which the railroad did not have. Railroads started to become a much more sought after transportation. The farmers realized this and soon became interested in the possibilities railroads represented (Benedict 67).

At a time before automobiles, roads were only well suited for small distances. To develop both roads and canals states had borrowed money and were now in debt. The continuance of a strict constitutional interpretation of federal authority made matters worse since it gave them no relief. This led to a privatization of many of the projects that were initially state owned. Murray R. Benedict points out that the “responsibility for transportation development was shifted to private corporations, a policy that was to hold for the remainder of the century” (67). This paved the way for the railroad tycoons.

What followed was a boom in railroad building. The amount of railroad tracks created during the latter part of the 19th century and the beginning of the 20th was

enormous. The Union Pacific-Central Pacific link with the West Coast opened up millions of acres of land that previously could not have been cultivated by farmers because of their location. This was something farmers had wanted for a long time. But it became soon apparent that this was not a good deal for farmers. With the privatization of railroads, farmers became more dependent of capitalism. In those hands no special concession to farmers was possible. Railroads were at the beginning very expensive to use, because they were so enormously expensive to build. Low traffic by normal passengers had to be paid by farmers that depended on the railroads. This caused increasing frustration among farmers who had seen a major possibility for their wealth disappear into the hands of a few people no one really knew, and “whose requirements seemed to [them] arbitrary in the extreme” (Benedict 70).

The federal and state governments had given the railroad companies enormous subsidies through land grants. Land grants totaled “at least 130 million acres to different railroad companies to help them finance the construction of their routes” (Cochrane 221). Through land grants the governments played their part in building the railroads that would at the end of the 19th century provide superior transportation. Railroads were the best form of transportation, but the deal it offered most farmers was not good. The option of producing the increased output of agriculture through the use of more land would have been foreclosed to them in the absence of the railroads (Cochrane 223). In other words, for many farmers of the 19th century, the railroads became both a blessing and a curse.

1.4 Agricultural Technology

One very important development that occurred during the 19th century was technological advancement. This would both transform American and international agriculture. There were few federal policies directed at technological advancement during this time. The most important was patent law. But the nature of the United States and its agriculture was ideal for innovation. New harsh and troubling environments had to be countered with new methods of farming. Since the land area was so big, improvements in all geographical environments took place. Shortage of labor, ingenuities of individual farmers, and the nature of the land all contributed to the technological revolution. These factors, combined with industrialization and urbanization in the United States and

Europe, stimulated the expansion of American agriculture. Farmers were now able to make higher profits. With the surplus they could afford to invest in new machinery. As always, farmers were eager to produce more and increase their wealth, and this was a rich incentive for inventors and investors. But in this environment some farmers got into debt and could not compete. And as David B. Danbom writes in his book *Born in the Country*: “the late nineteenth century was a bad time to be in debt” (153). Although the number of farms was still high, this period signaled the beginning of an agriculture where only the most adaptable and competitive farmers managed to survive.

Farm mechanization started in the 1830s and became widespread in the 1850s and accelerated in the period of 1860-97 (Cochrane 89). Most of the technological inventions came out of the northern states, and the “upward surge in the use of machines on farms occurred primarily in the Midwest, on the eastern fringe of the Great Plains, and in California and the Pacific Northwest” (Benedict 89). The South had grown used to having slaves, and enough labor, and kept growing crops in the old-fashioned ways. It “stuck to his hoe, one mule, and shallow plow (90). The North and West badly needed labor. Most of the machines that were invented were aimed at replacing labor, not improving farming. But the inventions made American farmers able to cultivate almost all areas where natural hindrances had stood before. Without technology, a lot of the prairie areas could not have been cultivated. In total, a more than doubling of the land in farms occurred from 1870 to 1900. This led to a huge demand for laborsaving machinery (Cochrane 89).

Cochrane points to three important improvements in the agricultural industry: (1) Machinery greatly reduced the drudgery of farm work. (2) It increased productivity, and (3) widened economic opportunities of farm producers (91). The mechanical and technological revolution that occurred in the 19th century led the American farmers to produce more and gave American farmers a great competitive advantage over the rest of the world. It might have reduced the drudgery of farm work, but the increased production still made farmers work long toilsome hours. Most of the changes for farmers during the 19th century were adopting “horsepower machinery to replace manpowered implements” (Hurt 242). It was not until the turn of the century that tractors and steam engines really started to radically change agricultural output.

Technology opened up the last areas of American land to be cultivated. The number of farms increased in the years between 1870 and 1900 from 2.66 million to 5.74 million. Acres of farmland increased from 407.735 million to 841.202 million. Total value of farm property rose from \$9.4 billion to \$20.4 billion. The sheer land size was not the only astounding increase in agriculture in that period. Wheat production went from 254 million to 599 million bushels. Corn production rose from 1.125 billion to 2.552 billion, and cattle numbers rose from 24 million to almost 63 million (Danbom 131). Another reason for this output increase was that more farmers found ways to educate themselves and others regarding the new technology.

1.5 Agriculture and Education

Agricultural education is a relatively new phenomenon in human history. Farmers have always learned their trade throughout history by doing practical work on a farm. In America there were some early attempts to found agricultural societies and journals that aimed at bringing information out to farmers. This was still in an age where only classical disciplines like Latin were taught in colleges, and there would be a good while before real agricultural education was seriously attempted. In the early 1800s agricultural societies were founded, with many of the Founding Fathers as members. Some early journals were also published. The *American Farmer* was published in 1819, the *Cultivator* in 1834 and the *Prairie Farmer* in 1840 (Benedict 82). The nature of the American ideal of independence and the self-made man that was deeply imbedded in the American farmer made it difficult for any serious attempt of thinking in “unison as an occupational group” (82). But it did mark a beginning of a common consciousness.

The South had for a long time opposed any land-grant college, a system in which the federal government granted funds to states to establish agricultural and mechanical colleges (Hurt 193). Congress passed the Morrill Land-Grant College Act in 1862. Although many reformers had “advocated agricultural education at the college level since the 1850s, more than a decade passed before the idea reached fruition”. The first state college of agriculture had been established already in 1857 in Michigan. Maryland and Pennsylvania followed in 1859. An early criticism of these colleges was that lack of trained faculty members and an insufficient base of knowledge made them unable to meet

the needs of farmers. Critics argued that young people better learned their trade at home. Few actually attended these colleges, and many of those who did never returned to their farms (193). It might not have contributed too much in training professional farmers, but it did do a lot for agricultural science, and it did create another cornerstone in the foundation of farm cooperation and development.

Connecticut established the first agricultural experiment station in 1875 (Hurt 193). Within twelve years Congress passed the Hatch Act of 1887. It provided an annual grant of \$15,000 to each state to conduct research in any agricultural science (Benedict 84). This federal grant increased in the following decades. These new experiment stations worked together with the colleges and tried to improve communication of research and technology to farmers through research bulletins. For the most part it failed, and the federal government would not solve this problem until the development of the agricultural extension system in the early twentieth century (Hurt 193). The Smith-Lever Act of 1914 authorized an extension service within the land-grant colleges system. It provided funding for extension agents that had the “responsibility of demonstrating practical agricultural methods that applied to field and home and helping farm men and woman learn about new techniques through the dissemination of publications” (Hurt 256).

After the Civil War, the South could no longer stand against the tide of modernization northern states wanted. In 1861 Abraham Lincoln signed legislation that would authorize the creation of the U.S. Department of Agriculture (USDA). The Department was especially authorized to “acquire, test, and distribute new and valuable seeds and plants” and to conduct “practical and scientific experiments” (Hurt 190). Before the creation of the USDA, the U.S Patent Office had performed this role. The USDA was also given the task of collecting agricultural statistics and publishing it to the public. This was a very important step for the advancement of the American farmer. The “scientists, technicians, and officials of the department were primarily dedicated to making two blades of grass grow where only one grew before” (Hurt 190). They also focused on medicine and chemicals. Generally the USDA dedicated itself and its resources to agricultural improvements and the advancement of new technology. In this early period they did not do anything directly involving the financial situation of farmers.

At the end of the 19th century, the land-grant university system came of age. By the early 1900s, the standard agricultural disciplines had been established (Cochrane 105). These disciplines included soils, agronomy, plant pathology, horticulture, animal husbandry, veterinary medicine, and economics applied to agriculture. At the beginning it was the USDA that still was the leading force of agricultural research in America. But when the USDA started to be more active in farm price supports after the institutionalization of agricultural policies in the 1930's, the colleges became the "preeminent agricultural science-producing agencies in America" (107). Together the USDA and agricultural colleges created an environment of technological development that made the extreme growth in agricultural output in the 20th century possible.

1.6 Institutionalization of Agricultural Policies

The founding of the USDA created an early framework that would later be filled by different programs coming out of the New Deal. Most of the acts and regulations concerning agriculture had been conducted on local levels up to the beginning of the 20th century. In the 1920s Congress passed some farm legislation, but none of it was comprehensive and none did much to solve the major problems farmers faced. The political philosophy of laissez faire had not led to any comprehensive federal involvement in price regulation. The Great Depression had hit farmers hard, and it became evident that something had to be done about the financial situation farmers were in. On May 12, 1933, President Franklin D. Roosevelt signed into law the Agricultural Adjustment Act (AAA), the "capstone of the farm lobby's ten-year battle for farm relief" (Hansen 78). Title 2 in that bill was the Emergency Farm Mortgage Act that was soon followed by the Farm Credit Act of 1933. It provided credit to farmers in dire straits and created the Farm Credit Administration to administer farm programs.

This legislation was put together through compromises by the central actors in agriculture. For a long time different general farm organizations had lobbied on farm policy. One of these policies was called the McNary-Haugen plan. It was introduced several times in Congress and was finally passed by Congress in 1928 but was vetoed by President Coolidge. It proposed to limit agricultural sales to keep prices high. It called for the total output of each crop to be divided into two parts, one for domestic and one for

foreign markets. Crops were to be sold in the domestic market to generate prices that would give farmers a fair exchange value (Cochrane 118). Crops produced to foreign markets were to be dumped or sold for whatever price it would bring. The federal government would buy surpluses and sell them overseas and the losses would be covered by fees to agricultural producers. The legislation would create a federal agency to support and protect farm prices. The Agricultural Adjustment Act did not incorporate the basic features of the McNary-Haugen plan that the farm organizations had advocated. What it did was to establish a platform on which future legislation would be built.

Title 1 of the Agriculture Act directed the Secretary of Agriculture to raise agricultural prices. It also granted him broad powers to fulfill this mandate (78). The new Act allowed the USDA to collect taxes from processors and distribute it back to farmers who cut back on production of corn, cotton, hogs, rice, milk, wheat and tobacco (78). These were the seven “basic” commodities. It also gave the Secretary power to “mediate the terms of marketing contracts and to enforce them (if need be) by licensing firms in the industry” (78). This directed the responsibility of price regulation, farm income and farm security in the hands of the federal government. The AAA made “payments to farmers amounting to over one billion dollars in the two years 1934 and 1935” (Cochrane 141). Successful or not, in January 1936 the AAA was ruled unconstitutional by the Supreme Court.

The Agricultural Marketing Agreement Act of 1937 established a working relationship between the USDA and producers of perishable crops (Wessel 76). In 1938 Congress passed a new Agricultural Adjustment Act. It “defined government agricultural policy and, along with some sections of the Agricultural Act of 1949, has remained the permanent congressional authorization for agricultural programs” (76). This permanent legislation remains the organic legislation amended from time to time, under which many farm programs of price and income support are administered (Cochrane 142).

The AAA provided for a farm program open to participation by all farmers in the United States. It was designed to assist farmers to produce abundantly and to protect agriculture against the price collapses that had penalized heavy production (Ibid.). It created methods such as acreage allotments, commodity loans, and marketing quotas to provide order and stability. It sought to create a “national granary” for use in years of

shortage. The Agricultural Adjustment Act of 1938 incorporated much of the general structure of the original Agricultural Adjustment Act of 1933 and features of the Soil Conservation and Domestic Allotment Act of 1936 (Wessel 79).

Most of the legislation before the 1938 Act had relied on the concept of parity. Parity was an index of the purchasing power of one unit of an agricultural commodity and represented the price needed to give a bushel of corn or a pound of cotton (or whatever) the same buying power as it had in the period 1909 to 1914 (Hansen 78b). The Agricultural Adjustment Act of 1938 imbedded this principle in statute, and the Commodity Credit Corporation (CCC) took possession of crops when the market price failed to exceed the loan rate (Wessel 80). By 1940 the CCC was choking on stored commodities. The CCC would continue to store up large amount of commodities in the decades to come.

The effects of World War II on American farmers were increased demands and higher prizes. It helped pull farmers out of the hard times they had suffered during the Great Depression. With higher prizes and bigger surpluses, the demand for farm policy reform increased. To achieve this, farm groups, now organized, traveled to Washington. But farm groups had not always been organized well enough to advance their views. Chapter two will look at how farm organizations have evolved.

The Evolution of Farm Organizations

In the 18th century, American farmers were isolated independent actors in a harsh environment, both economically and physically. As industrialization hit America in full force in the 19th century, events unfolded that made agriculture go from the prominence of both social and economic influence to a declining minority with less and less social and political significance. Land acts, physical infrastructure, economic issues, technology and education all led, in their respective ways, to unite farmers toward the end of the 19th century. The census of 1870 recorded 2,659,985 farms in the United States. In 1900 this number was 5,737,372, an increase of 114 per cent (Benedict 85). Nevertheless, by 1870 the number of people “gainfully employed in agriculture dropped below the number in other occupations for the first time in the nation’s history” (87). Industrialization moved America away from the primary to the secondary sector, and this development together with a huge influx of immigrants began to marginalize farmers.

The evolution of farm policies and politics give us an understanding of why farmers were badly organized in the 19th century, and why they in the end started to organize. There were still sectional and geographical differences that made it difficult for farmers to unite. The farm organizations had different agendas and represented different groups of farmers and issues. Another big obstacle to farm relief and federal involvement in agriculture was political philosophy.

At an early point, American society developed a political tradition that can be termed liberal. The foundations for this political culture have many similar basic conditions as the agrarian myth. It hails individualism and property rights as important. The colonies were characterized by a high degree of independence and self-sufficiency. The local community was the only meaningful level of government, and even then “government [was] far too strong and modern a label to attach to what were remarkably successful self-governing entities” (McKay 40). Small agrarian communities tended their own soil, and their own matters. In the 18th century ideas of men possessing inalienable rights gained support in the colonies. The social-contract theories of John Locke and

Jean-Jacques Rousseau were popular ideas among the elites of the time. Life, liberty, and property rights were, they argued, universal rights of all men. According to Locke, these rights should be protected by a government that gained its power from the people. These ideas emerged at a time when the British crown increasingly started to extend its power to the colonies in America.

Another influence on the new nation was Adam Smith. In *The Wealth of Nations* he presented ideas that were much in line with what Americans were thinking. A representative government was supposed to be the watchman of the community, insuring that people's rights were guaranteed. It should maintain justice and protect members from injustice. It should also maintain a minimal degree of public services. Apart from that, it should leave people alone, or let the "invisible hand" of the marketplace correct imbalances. To be left alone to pursue wealth was a major reason why the colonists wanted freedom from the British crown.

Louis Hartz argues in his book *The Liberal Tradition in America* that the term liberal is much confused and abused. The liberalism Hartz refers to is the older and more universal meaning of European origin. His liberal is the American democrat who "believes in individual liberty, equality, and capitalism and who regards the human marketplace, where a person succeeds or fails by his or her own efforts and ability, as a proper testing ground of achievement" (Hartz ix). Today the meaning of liberalism is understood differently. The New Deal changed liberalism to mean government intervention and big government. Ronald Reagan's ascendancy and his followers' denunciation of liberals have left liberalism with negative connotations. Hartz contends that the United States from its founding has been liberal, in the old European meaning of the word. The conservative reactions seen in the 20th century appears to "have been a particularly virulent reassertion of the liberal tradition Dr. Hartz identifies" (x).

The political tradition that developed in the new nation and was subscribed to in the 19th century was the old European liberalism. The United States government pursued policies of laissez-faire and capitalism. The Courts were for the most part concerned with economical issues, reflecting a capitalist ideology in its decisions. Rural people and farmers were among those that believed in these things most strongly. It is within this ideology that agriculture policies and farm organizations developed.

2.1 Evolutionary Stages

William P. Browne and Allan J. Cigler argue in *U.S Agricultural Groups: Institutional Profiles* that agriculture groups have gone through five stages of evolution. Stage one and two were from the very early period up until the turn of the 20th century. Stage three was the time-period following WW II. Stage four was from around the 1970s and stage five is the current.

The first stage was an extreme local organization in isolated communities. This very early period saw farmers joining together out of solidarity on the local level, with few or no contact with other farmers outside their own geographical area. There were two major reasons why farmers did not organize more broadly. First of all, the political ideology was still that of the independent, hard-working, make-it-yourself farmer, who did not ask anyone for anything. Farmers wanted to be left alone in their struggle with the elements. Second, the geographical barriers and lack of physical infrastructure made it difficult for people to communicate effectively. At a time when horses were the main transportation device and the telephone was still decades away, organizational work would have been very difficult.

The second stage saw nationally organized but still somewhat regionally distinct groups of farmers represented in Washington. Industrial and social developments in America made the mid-19th century a time ripe for farmers to become organized and also militant. There was a growing unrest among farmers in rural areas, mostly directed at the railroads, corporations, and banking interests. Farmers were also starting to become much more class-conscious. This period saw the coming of the big farm organizations.

According to Murray R. Benedict the first important national organization of farmers started in 1867 (95). A Minnesota farmer, Oliver Hudson Kelly, a temporary employee of the USDA, came up with the idea of a farm organization after having traveled around in the South and experiencing the “poverty, ignorance and lack of social life in many of the farm communities” (Ibid.). The basic idea of the National Order of the Patrons of Husbandry was to improve farming, create recreation, and “the broadening of knowledge and acquaintance among farmers” (Ibid.). It took form after the model of the Masons, with rituals and degrees. The Order is more commonly known as the Grange. According to Benedict, there were Granges in all states except Nevada, Connecticut,

Rhode Island, and Delaware by 1873 (Ibid.). The organization was strong mostly on the local level and did contribute to early collaboration between farmers. Its national policy success came with the passing of railroad regulation and the implementation of the 1862 Morrill Act to set up land-grant agricultural colleges. Later the Grange lost its importance in national farm policy, and its focus is now more on preserving “folk art, culture, and customs of rural life and [it] also serves as an important archive for the documents and history of rural communities” (Browne and Cigler 180).

The American Farm Bureau Federation (AFBF) is the largest and most established of all agricultural interests groups (Browne and Cigler 23). It is a general farm organization that tries to serve a multitude of purposes and constituents. It was created in Binghamton, New York, in 1911 and from its beginning funded by business interests like Sears, International Harvester, and also the USDA. Its original purpose was to “promote agricultural efficiency and production” (24). As with most of the farm groups of the early 20th century they started out with an educational agenda. But soon, as almost all other agricultural groups, it moved toward a legislative and economic agenda. Since the end of World War II the AFBF has professed “a strong faith in the free market to bring about a high and reliable return on farm investments” (24). Today the Farm Bureau’s primary constituency tends to be the largest farmers and its legislative agenda is sometimes funneled through elements of the Republican Party (26).

Independent family farmers founded the National Farmers Union (NFU) in Raines County, Texas, in 1902. They started out in the pursuit of “favorable federal and state legislation” and “helped organize a series of farmer-owned and operated cooperatives throughout the country” (Browne and Cigler 70). The Farmers Union has always had a favorable view of governmental price supports and stood in contrast to the American Farm Bureau. It argues that farm prices are made in Washington and has been deeply involved in lobbying in Congress since the early 1930s (72).

Today the Farmers Union is tied with Democratic Party on most legislative issues. Since 1983, the union has funded a political action committee (PAC) that distributes money to congressional candidates based on their support of and commitment to the family farm system of agriculture (73). Rarely does the Union contribute to Republican candidates. These organizations, together with other farm organizations, worked for the

most part together up to World War II for farm financial relief and combined forces to pass the AAA in 1933 (Browne and Cigler xi).

The third stage, the period after World War II, was dominated by general organizations representing all sorts of farmers together, but now a new form of partisanship developed. The legislative battles leading up to the passage of the Agricultural Act of 1949 marked a change. Under the leadership of free-trader Allan Kline the American Farm Bureau Federation moved toward the Republican Party. From then on the Farm Bureau took a conservative stand on almost all issues. The National Farmers Union “which came to Washington on the demise of its lobby arm, the National Board of Farm Organizations, was avowedly Democratic and liberal” (Browne and Cigler xvi). Under the leadership of James G. Patton the Farmers Union often cooperated with the Grange and later the National Farmers Organization. The stark difference between the Farm Bureau’s free-trade ideologies and the price-support programs supported by the Farmers Union remains a fundamental distinction in agricultural policy and between the two large farm organizations.

Small regional commodity groups started to work with the generalist organizations and their lobby groups that had political clout in Washington. But as partisanship brought stalemate to the legislative process, and the need for more cooperation between the commodity groups became apparent, they joined forces in the founding of the National Farm Coalition (Ibid.). The period after World War II marked a time of extreme agricultural growth, and many farmers started to realize that the changing environment of farming had to be met with changes in political organizational structure. The generalist groups, which in most cases were concerned with ideology first, could no longer “effectively speak for increasingly specialized- and thus unique- producers “(Ibid.). This was especially true in a period when “farm bills dealt with major commodities selectively, provision by provision, rather than in comprehensive fashion to equitably allocate farm financial supports (Ibid.). The third stage is also known as the conflict stage.

The period from the 1940s to the late 1960s also saw an increasing number of multinational agribusiness companies involved in American farm policy. The agribusiness industry finances, markets, transports, distribute, processes, manufactures,

and sells agriculture commodities and food and equipment (Hurt 388). This long chain of production gave life to numerous trade associations, like the Corn Refiners Association and the Fertilizer Institute. Only a few of these are generalist organizations, like the Nation Grain and Feed Association. Private firms like Cargill, Monsanto, and Archer-Daniels-Midland lobby on their own, especially when an industry is divided on a policy question (Browne and Cigler xx). Not all agribusiness organizations lobby, but focus on being watch dogs and provide information on trade issues. In general, these organizations seek to determine appropriate strategies for increasing domestic and, in particular, international trade (Ibid.).

The coming of agribusiness also changed how many farmers operated. Food companies offered contracts that guaranteed a market and a satisfactory price for a certain amount of vegetables, fruits, poultry, or swine (Hurt 388). It turned many farmers into wage laborers, and this development triggered a need for labor organizations. The relationship between farmers and agribusiness are often tense. Hurt argues that the low wages in jobs the agribusiness offered “ensured rural poverty, which contributed to social problems, such as a spousal and alcohol abuse, drug addiction, school dropout, and crime of various sorts” (390). The increasing negative focus has led these companies to be increasingly sensitive to their image. In 2002, Cargill, America’s largest privately held company introduced a new logo intended to bridge the gap between farmers, food processors, and consumers (Ibid.). Cargill wanted people to know they cared about nourishment, growth, and helping consumers.

Stage four saw the general farm organizations decline to the intensely focused, narrow issue interests of the commodity groups. These groups represented mostly one commodity, like for example American Soybean Association, Florida Texas Sugar Growers, National Association of Wheat Growers, National Corn Growers Association, and National Cotton Council of America. The smaller commodity groups entered the political game and to a large extent took over the political clout that the generalized farm organizations had benefited from.

These organizations were numerous and smaller with fewer staffs and members than the large generalist organizations. Commodity groups, in general, wanted price support and other cost-incurring or cost-saving programs from the federal government.

Their focus was on their commodity alone, and that meant they had few incentives or little opportunity to address the complicated, comprehensive problems of the expanding range of agricultural issues (Browne and Cigler xvi). These were left up to the general farm organizations like the Farm Bureau and the Farmers Union, but “for a short time in the 1960s and early 1970s, commodity groups were felt to reign absolutely supreme in agriculture” (Ibid.). The increasing number of multinationals that have complex and fragmented interests contributed to create even more specialized farm organizations.

The current and fifth stage has witnessed an accommodation of more and more participants and the continued addition of more provisions to farm policy. The 2002 farm bill was the first farm bill to have an own provision for energy. In the 21st century energy and bio-diesel have become new big provisions. The farm bill has grown in size, both in terms of dollars and programs. The farm bill is no longer just in the interests of farm legislators, but also urban legislators.

The proliferation of so many diverse interests has led to an extremely complex legislative process in agricultural policymaking. In the early 20th century there were just a few large general farm organizations. In the early 21st century there are thousands of specific farm and non-farm groups involved in agriculture with diverse interests.

Agriculture Policies from 1938 to 2002

Chapter three will analyze the evolution of farm policies since 1938, and some of the surrounding political and socio-demographical changes that have influenced farm policy. The few generations of farmers who have lived and worked in the agricultural sector since 1940 have gone through sweeping changes.

The Great Depression and the Dust Bowl had devastating effects on American farmers. The new, depression-born interventionist government led by President Franklin D. Roosevelt attempted to protect farmers' investments in their farms (Bonnen 19). The New Deal farm programs marked the beginning of federal farm-policy involvement. As the depression had shifted to prosperity, the federal government has continued its heavy involvement in agricultural policy. The policies adapted from the 1930s to mid-1950s were mainly supply management to "reduce output as a means of increasing product prices without unacceptably large Treasury costs" (Pasour 115).

3.1 Controlling Supply

By the early 1940s the CCC was choking on stored commodities. A wartime act had requested increased production of certain crops. The Steagall amendment from 1941 mandated a 90 percent parity support for these crops. After World War II officially ended on 31 December 1946, 90 percent parity support was extended to the end of 1948 (Wessel 80). After World War II there was a huge increase in domestic and foreign demand for food. The Marshall Plan and other assistance programs contributed to increasing demands for food production. Farmers and consumers in general started to oppose price controls: consumers in hope that grocery bills would decline, farmers because they believed that price controls prevented them from earning more money (Hurt 104).

Farmers developed increasingly different interests. Cotton farmers wanted high price supports and strict acreage limitations. Midwestern farmers feared that Southern lands taken out of cotton would be converted to corn production (Hurt 104). The

geographical differences grew increasingly wider among farmers and their organizations. But farmers had one thing in common: They did not want to go back to the days without government farm programs. The idea of totally abandoning price support was given little thought by Congress in the postwar years. The debate that evolved was between high fixed support for agricultural prices and the institution of a lower, flexible support system.

President Harry Truman wanted to give farmers a “fair deal”. But he warned that he might be voted out of a fair deal and into a Republican deal (Hurt 105). The end result was a continuation of high wartime price supports. The Agricultural Act of 1949 extended price supports for the determined basic crops at 90 percent of parity and nullified the revisions of the parity formula, and increased the loan rates corresponding to different levels of estimated supplies. It also established mandatory support prices (at various parity levels) for dairy products, tung, nuts, potatoes, and wool (Orden 56). The Act of 1949 was also the second part of permanent farm legislation together with the Agricultural Adjustment Act of 1938.

In the early 1950s the new Secretary of Agriculture, Charles F. Brannan, proposed to abandon the parity method and replace it with direct payments. Included in his proposal were also income-support limits and soil conservation programs. His idea of a partisan program for farmers was not automatically attractive to politicians in Washington (Hansen 121). In general, his main proposal was to shift farm support away from price support to income support. Many saw these direct payments as welfare payments, and they were opposed by the strong Farm Bureau, which together with the Grange and the National Council of Farmer Cooperatives gained enough votes in Congress to kill the Brannan plan (Hurt 109). The plan died in the early 1950s, but many of its main themes would come back in later farm legislation.

President Dwight D. Eisenhower’s Secretary of Agriculture, Ezra Taft Benson, was an anti-interventionist and championed a farm policy based on a free market. He won support from the Farm Bureau, which was “increasingly dominated by competitive Midwestern producers of corn and other feed grains who were least dependent on the government programs” (Orden 57). Farm policy was now becoming increasingly more partisan and difficult to achieve. The Agricultural Act of 1954 replaced the support rates

fixed at 90 percent of parity with varying rates and a minimum parity level of 82.5 percent (57). Secretary Benson was given the power to further implement lower support levels. Continued high price supports after the War had led to huge surpluses in the CCC. Again America was faced with piling food surplus and the problem of maintaining high farm prices and income (Pasour 117).

3.2 Surplus Problems

The flexible price support scheme in the 1954 Act seemed inadequate to deal with the mounting surplus. Congress responded by passing the Agriculture Act of 1956 known as the Soil Bank. Under this program farmers were paid to take cropland out of production. The Soil Bank was an alternative to acreage allotments and marketing quotas. The goal was to limit output to keep prices high. The program was designed to shift some cropland out of cultivation and into forage, parks, etc. It aimed at limiting the total output of all crops so that farmers did not start overproducing secondary crops not included in the acreage allotment scheme. But the government programs found it difficult to counter farmer's adaptation to new legislation. The program was voluntary, and as the 1950s progressed it seemed that the Soil Bank was failing. Thomas R. Wessel points out in his chapter "Agricultural Policy Since 1945": "The price support mechanism was not high enough to allow smaller farmers to stay in the industry and not low enough to induce large producers to voluntarily decrease the acreage they planted" (86). The result was lower farm income which squeezed out small-scale farmers.

In 1940 farmers in the United States totaled 30.5 million who lived on 6.1 million farms that averaged 175 acres in 1940. In 1950, the farm population was down to 23 million on 5.3 million farms that averaged 216 acres. In total, the farm population in the USA declined from 23.2 percent to 15.3 percent. At the same time the total population increased, but per capita food consumption remained relatively constant (Hurt 120). Although farm numbers were going down, farm productivity was going up.

In the 1950s, many economists and politicians argued that small-scale farmers were a "hindrance to the consolidation of farms and improved efficiency through high capitalization" (Hurt 116). The coming of agribusiness and the trend of consolidation was by many farmers seen as a big threat, and rightly so. Congress answered their worries by

declaring in 1960 that the government would support “the family system of agriculture against all forms of collectivization ... in full recognition that the system of independent family farms was the beginning and foundation of free enterprise in America” (Hurt 118). But for many small-scale (and medium-size) farmers these words were hollow.

A stricter and mandatory supply control measure was put to the vote among wheat farmers in late 1963. Over a million farmers voted, and a 52 percent majority rejected it (Orden 63). The rejection was orchestrated by the Farm Bureau, which did not welcome strict intrusive price support mechanisms. In 1964 Congress passed legislation for voluntary acreage divisions and a complicated wheat certificate program designed to support commodities at different rates depending on whether the product was sold on the domestic or foreign market (Wessel 87). The Food and Agricultural Act of 1965 set loan rates near world price levels and continued direct cash payments tied to production quantities for wheat and cotton (Orden 64). The act put into legislation the Brennan idea of income maintenance, but did not end price supports.

The 1965 farm bill debate revealed an increased bipartisanship in Congress. Nineteen Republicans voted for the bill, including five from Kansas, all four from Minnesota and both from South Dakota (Hansen 154). This was the largest number of Republicans to vote on a Democratic farm bill since 1954. The bipartisan cooperation deepened and spread after 1965. This trend was linked with two other developments in the mid-1960s that had huge impact on farm policy.

First, the 1965 legislation attempted to bring some stability to the policy-making process by establishing a comprehensive four-year program covering most commodities (Wessel 88). Before 1965 there had been multiple programs and single-crop acts frequently amended. By establishing a farm omnibus bill, Congress had made a framework in which all farm (and non-farm) programs could be placed.

Second, President Lyndon B. Johnson introduced the food stamp program in 1964. It “helped cement an alliance of urban and rural congressmen in support of agricultural legislation” (Wessel 87). The incorporation of this program, together with other programs over the next decades, helped agricultural legislation sustain an uneasy coalition between farm, state, and city politicians (87). R. Douglas Hurt argues in his book *Problems of Plenty*, that “indeed, farmers remained one of the most powerful

groups in American politics because farm-state congressmen often joined with their urban counterparts to gain support for agricultural programs in return for the backing of urban programs” (132). Critics of federal farm policy argue that the food stamp program should be detached from farm policy, together with a series of other programs. It has yet to happen, since farm, state, and city politicians still find its presence a big advantage. These two developments in the 1960s cemented logrolling and bipartisan cooperation as important elements in farm policy-making.

Representatives in Congress learned how to take advantage of the possibilities the farm bill presented them. Urban Democrats “played the inside game, brokering urban votes for the farm program and rural votes for urban projects, most prominently food stamps” (Hansen 199). On the other hand, suburban Republicans “played an outside game, using amendments on the floor to pry particularly vincible commodity programs out of their protective coalitions” but steered away from political important commodities and “zeroed in on the politically vulnerable crops grown in smaller constituencies, like tobacco, sugar and peanuts” (Ibid.). Farm organizations managed to forge links with other interest groups that were then getting stronger. In a classic legislative logroll they agreed to a mutually beneficial package in which farm supports and spending on food stamps and other nutrition programs would be vetoed forward together (Orden 70). This strategy would characterize future farm legislation.

By the mid 1960s, less than five percent of America’s population earned their income from farming. Farms were getting bigger, more technological advanced, and more efficient. Small farmers were being squeezed out by agribusiness and large-scale farmers. At the same time it became increasingly difficult to construct agricultural policy, and achieving legislative majorities became more complex, more participatory, and less certain (Wessel 88). Although the process was marked by a larger degree of bipartisanship than many other policy sectors, producing a farm bill did not become easier.

The 1965 farm bill was nearing renewal in 1970. The Nixon administration proposed legislation that reflected conservative commitments to lower price supports, less restriction on production, and renewed emphasis on moving agricultural surpluses into the world market (Wessel 89). Congress insisted on keeping a higher price support

than the Administration. Direct cash payments were continued as a means of supporting farm income. Direct payments remained above 20 percent of total net farm income (Orden 67).

The Agricultural Act of 1970 ended acreage allotments. To qualify for price support farmers had to set aside some of their land. They were free to do whatever they wanted with the remaining land. Urban legislators, worried about high farm subsidies, “demanded and gained a limit of \$55,000 in total payments an individual could receive under the act” (Wessel 89). World markets in the mid-1970s were again demanding American food, and commodities in the CCC program began pouring out of the country. This sudden demand, combined with previous acreage allotment programs, contributed to renewed food shortage in the world. And like in the 1950s, this reinvigorated proponents of a free market agricultural policy.

3.3 Towards Direct Payments

The Agricultural and Consumer Production Act of 1973 introduced a whole new system of direct payments called target price. Under the target-price method of crop subsidy, participating farmers received a government-determined target price for their crops. The farmers either sold the product at the market price (the price at which the guaranty supplied by farmers at the target price equals the quantity demand) or gave it to the CCC storage at a specific loan rate (Orden 119-120). The government then paid the farmer an amount, known as the deficiency payment, to ensure that the farmer received the target price for his crop (120). This system remained important in the 1996 farm bill and in a somewhat modified form in the 2002 farm bill. Urban congressmen managed to lower the limit of individual payments from \$55,000 to \$20,000 (Wessel 89).

Many Republicans, backed by the Farm Bureau, saw farm subsidies as making farmers dependent of government income support. Their ideological conviction of the superiority of the free market to control supply and demand made farm subsidies an important sector to reform. Increasingly farm policy was seen as a semi-socialistic sector with huge “welfare” spending. The bill marked a shift toward more direct payments and production encouragement. The new legislation looked like it was working as long as America was able to keep enough exports to keep surplus low. But as the volatile world

food production started to recover from shortfalls in the early 1970s, combined with increased domestic production in the same period, prices started to tumble. With falling farm prices, the Democrats rushed to the scene.

President Gerald Ford had vetoed legislation to raise the target price and refused to introduce new agricultural legislation. Wessel argues that his refusal probably helped explain his defeat in 1976 (90). The new President, Jimmy Carter, came up with his own plan for agricultural policy. He agreed to modest increases in target prices and established a 'farmer owned' reserve to keep surplus production off the market. Carter also proposed a major expansion of federally subsidized crop insurance to replace direct government disaster payments (Wessel 90). Democrats in Congress (especially the leadership in the agricultural committees) were not impressed with the modesty of Carter's plan (Hansen 155). The Food and Agricultural Act of 1977 contained a compromise between the Administration and Congress on target price. It also expanded disaster insurance. All in all, the 1977 farm bill was essentially a continuation of the 1973 Agricultural and Consumer Protection Act.

According to Hurt, the axiom of the 1970s was "get bigger, get better, or get out" (134). Farm enterprises had now established themselves and were making huge profits, enabling them to buy up even more farms. Increasingly large farms were tapping into farm subsidies, and small scale farmers found it difficult to compete. Net farm income declined from \$34.3 billion in 1973 to \$25.5 billion in 1975, while average living costs in America increased. As farm policy seemed unable to cope with maintaining an acceptable farm income, many farmers found work other places. Those who stayed had no other "choice than to increase production in order to lower unit costs and thereby maintain a profitable business" (Hurt 134). The average farm in 1970 was 373 acres, at the end of the decade it was 426. Individual farms were getting more productive, but from 1970 to 1980 their numbers declined from 2.9 million to 2.4 million (134).

In 1980 Ronald Reagan came into office with an agenda to cut government spending. David Stockman, his budget director, signaled a wish "to mark farm program spending for sharp reductions" (Orden 72). President Reagan's proposals were extreme. He proposed to cut the level of projected farm spending together with the omnibus farm bill that included essentially all commodities. The omnibus bill "would be subject to

explicit expenditure limitations set by a congressional budget resolution” (72). This would give representatives a reduced opportunity for any huge pork barrel bargaining, but did little to change the practice of logrolling.

The Reagan administration wanted to eliminate income support through target prices and deficiency payments that had been introduced in the early 1970s. The Administration also wanted to further lower price-support loan rates, not raise loan rates like most farmers wanted. Reagan also promised to end the grain embargo against the Soviet Union (Wessel 91). The Reagan administration changed how farm policy was produced. The Office of Budget and Management (OMB) now actively intervened at the expense of the Department of Agriculture in setting spending limits on agricultural programs (92). The president’s Council of Economic Advisors also became more involved. With the new budgetary processes, the House and Senate Appropriations Committees dramatically increased their influence in determining agricultural policy. This budgetary system made an already complicated process even more complicated. The result was a “near-complete breakdown of cooperation, replaced by a system of intemperate attack and counterattack that nearly ended with no agricultural bill reported out of the House Agricultural Committee” (Wessel 92). In the 1940s and most of the 1950s agricultural policy had been for the House and Senate Committee alone. In the 1980s, almost all of Congress was involved in agricultural policy-making.

Many of the proposals from the Reagan administration did not gain support among Democrats and Republicans in Congress. The Food and Agricultural Act of 1981 was one of the most short-lived agricultural acts since 1949. The new farm bill provided nominal increases in target price levels of 6 percent annually (Orden 72). It soon became apparent that the shift toward a market-based farm policy was failing. The 1981 farm bill had anticipated huge exports, but now the CCC was piling up surplus and annual expenditures increased. The Reagan administration retreated and in January 1982 Agricultural Secretary John Block announced new acreage-reduction programs (72).

The Reagan Administration also announced the payment-in-kind (PIK) program. It was designed to reduce cultivated acres in return for payments derived from the huge stores of commodities in the government’s possession. An unexpected drought caused more farmers than expected to sign up for the PIK program, and forced the government to

buy supplies from farmer-owned reserves to cover PIK transfers (Wessel 93). Around 82 million farm acres were retired in 1983 (Little 405).

The overall economic situation for farmers in the early 1980s declined significantly. Already in the spring of 1978 several hundred members of the American Agriculture Movement (AAM) took a tractorcade to Washington, D.C., and received wide, favorable media coverage (Danbom 255). The organization fell apart later after several violent and disastrous protests. Net farm income decreased significantly, and land values started falling in 1982 and continued to fall through the mid-1980s. In January 1985, over 370,000 American farms were reported to be in serious to severe financial stress (405). The farm debt that totaled \$60 billion in 1972 increased to \$216 billion in 1983 (Hurst 138). The total population of farmers also kept decreasing. In 1985 only 5.3 million people, 2.2 percent of total population, comprised the farm population (138). In this period several Hollywood films featured themes of struggling farmers' fight against foreclosure and natural disasters, and Willie Nelson launched a series of Farm Aid concerts together with Neil Young (Danbom 256).

As the Agricultural and Food Act of 1981 was set to expire, Congress started debates over a new farm bill. As in 1981, the Senate was controlled by the Republican Party, and the House of Representatives by the Democrats. The debate was mainly between those who wanted aid to farmers by restoring U.S. competitiveness with lower loan rates versus those who preferred a more determined use of supply controls (Orden 74). The extreme reforms Regan had introduced in 1981 to move farmers away from government dependency were "dead on arrival". The debate was not whether or not the government should help farmers, but how and how much.

The Food Security Act of 1985 fixed target prices for two years, then permitted only modest (2 to 5 percent) yearly declines in the last three years of its five-year duration (Orden 75). In the years following the 1985 farm bill, Congress passed legislation maintaining target prices at the 1985 level. The 1985 farm bill also gave discretion to the secretary of agriculture to lower loan rates by as much as 25 percent, and to "keep them in the range of 75 to 85 percent ... in order to make U.S. farm exports more competitive in world markets" (Orden 75). Deficiency payments were kept to insure farm income stability. The Reagan administration also vigorously pursued foreign

markets to relieve surplus production (Wessel 94). A new program called the Conservation Reserve Program (CRP) was introduced aimed at permanently removing cropland from production.

Senator Jesse Helms, chairman of the Senate Agricultural Committee on Agriculture, Nutrition, and Forestry argued that the 1985 farm bill was a “slow but decisive transition to market-oriented farm policy” (Wessel 94). It was politically important for Republicans to form the image that they were transforming farm policy to a more market-oriented policy, but the fact was that the basic core of the farm bill did not do much to reform farm policy. It was more a continuation of previous farm bills.

In their book *Policy Reform in American Agriculture: Analyses and Prognosis*, Orden et al. claims that the 1985 farm bill “led to a sharp increase in farmer dependence on government program participation, more cash payments, more acreage set aside, and more trade distortions” (76). They argue that the illusion of government stepping out of farm policy found in previous farm bills was now fading. Orden et al. conclude that the farm lobby had won the political struggle and ask how they could succeed yet again to extract “such generous benefits from the political system?” (77). Two explanations are offered.

First, the mid-1980s saw a huge financial crisis for farmers. During this period farmers, farm groups, and others did what they could to express the severity of the economic situation rural America was facing. Some argued that the image portrayed of almost half of American farmers going out of business was exaggerated. It was a deliberate tactic used by farmers to build broad public support for farm relief. Farmers also managed to successfully argue to the public that the government had done much to create the difficult financial situation. This influenced Congress to increase farm program spending. In 1986, when farm programs totaled \$26 billion, respondents to a survey were willing to spend even more federal funds to alleviate whatever unfair circumstances farmers faced (Kramer 12). 80 percent of respondents in some polls were positive to increased expenditures on farm programs, despite a budget deficit that made many Americans believe that military and other domestic programs should have been cut (12). The family farm had been threatened by the government and big business, and people seemed to sympathize with the farmers and were willing to meet farmers’ needs.

Second, the environmental lobby was introduced in the 1980s. Although the partnership between environmental and farm interests had some obvious differences both partners found cooperation effective. The advantages seen by some “farmer groups from idling land to boost prices dovetailed neatly with the interests of environmentalists in idling land to reduce soil erosion, groundwater contamination, and loss of wildlife habitats” (Orden 77). This assured the passage of the Conservation Reserve Program (CRP) which was a long-term paid land retirement scheme. Environmentalists celebrated it for the long-term effects land idling would have, but farmers understood that a large long-term paid land retirement would lessen the need for unpaid annual ARP set-aside requirements (Orden 77).

A good example of logrolling in Congress happened in 1992. The conference committee charged with working out the differences between the House and Senate fiscal 1992 appropriations bill for the Interior Department faced a problem. The House wanted to raise fees for live stocks grazing on public land by more than 400 percent. The Senate had attached a rider to its bill, proposed by Republican senator Jesse Helms of North Carolina, which forbid the National Endowment for the Arts (NEA) to spend federal money to “promote, disseminate, or produce materials that depict[ed] in a patently offensive way sexual or excretory activities or organs” (Kernell 253). In a classic logrolling the conference committee struck a bargain. The House would not vote for the grazing fee if the Senate did not vote for Senator Helm’s proposal. “Porn for corn” is an excellent example of politics in Congress: “Conservative western ranching interests made common cause with the liberal urban arts community though they scarcely shared common purpose” (253).

Other interests like the poor, labor, consumers, environmentalists, animal rights activists, and the like have all been included into farm policy (Ciegler xvii). This process has not been easy or smooth, but the proliferation of interests have introduced a wide array of actors that together have brought sufficient collective influence together to ensure the continued passage of farm-specific legislation within the context of a more broadly defined agricultural policy (Ibid.). This collective influence by the farm lobby has been seen as almost impossible to break.

The Food Security Act of 1985 was set to expire in 1990. The Food, Agriculture, Conservation, and Trade Act of 1990 fixed target prices at the 1990 level and ended the practice from previous farm bills that made farmers participate in all or most programs authorized within the legislation to be eligible for others (Wessel 94). The 1990 farm bill set loan rates at 85 percent and continued the CRP. The bill was passed during the GATT negotiations in the Uruguay Round, and during a huge domestic budget deficit of \$161 billion (Orden 100). The 1990 farm bill was enacted for budget reasons and largely outside the influence of the ongoing GATT negotiations (101). The effects of the 1990 farm bill did not yield much cost reductions because of higher than expected costs of crop disaster payments and CCC spending. In general, it was a continuation of previous farm bills and brought little new to the table.

3.4 Towards a Free Market

Conditions for the 1996 farm bill were different from those of previous farm bills. The Republican Party had gained control of Congress in the November elections in 1994. Some 40 years earlier, a Republican Congress had managed to lower high fixed price supports. But expectations for agricultural policy reform were low. In the 1980s a Republican controlled Senate had gone against the Reagan administration's proposal for radical reform of agricultural policy. The difference between the conditions in Congress this time around was a surge of ideological partisanship. New Republicans were not just Republicans, but "revolutionary" Republicans with an agenda to change the federal administration, primarily by huge cuts in federal spending programs. Reagan had tried to cut farm spending in the 1980s, but now the initiatives came from Congress. President Clinton was a supporter of status quo in farm policy.

As many as "seventy-three freshmen legislators converged on Washington to implement the mandates of the 'Contract with America,' a ten-point program the Republican House candidates had endorsed prior to the elections" (Orden 126). It did not take long for the agricultural committees to find bipartisan cooperation more difficult than it had been. Traditionally the agricultural committees had been among the more bipartisan committees in Congress. As the 1990 farm bill was about to end in 1996, new proposals for farm policy came from different actors.

The Clinton administration wanted to cut spending and balance the budget, but was afraid to cut too deep into the farm bill. The new Secretary of Agriculture, Dan Glickman, announced that he would be an “advocate for agriculture” (127). In all, the administration supported modest changes in policy. Republican Richard Lugar, the new chair of the Senate Committee on Agriculture, Nutrition and Forestry, proposed drastic cuts in agricultural spending in order to help balance the budget. These cuts were rejected early as too severe.

The new chair of the Committee on Agriculture, Republican Pat Roberts, representing a district in Kansas, was a devoted supporter of agricultural programs. The followers of the “Contract with America” wanted food stamps to be taken out of the farm bill and instead turn it to the states in the form of a block grant. Roberts managed to strike a deal that would retain food stamps as a federal entitlement inside the farm bill. He “deployed a strategy to convince the Republican leadership that holding its majority in the House of Representatives after the 1996 elections might depend on taking a supportive approach to agriculture in the new farm bill” (Orden 130). One of the major reasons why the Reagan administration had failed to reform the 1985 farm bill was that Republicans in Congress worried about re-election.

The House Budget Committee initially targeted agricultural spending for cuts as severe as those proposed by Lugar and rejected by the Senate (130). The debate had been devoted to spending caps on the farm bill. The Republicans had shown unity in their goal to cut spending, but this unity would “splinter among competing regional and commodity interests when specific policy options had to be considered” (Orden 131).

An unexpected option came out of the House. It proposed planting flexibility and a decoupling of income support that had been proposed already in 1985 but had been ‘dead on arrival’ then. It was thus surprising that this option suddenly turned viable in mid-1996. Decoupled payments are government payments to farmers that are not linked to the current levels of production, prices, or resource use. When payments are decoupled, farmers make production decisions based on expected market returns rather than expected government payments. Payments would be in the form of checks in the mailbox. Previously this had been viewed too much as welfare, a notion many farmers were not pleased with. Direct income schemes like nonrecourse loans and deficiency

payments had the element of direct payments, but these payments relied on target prices, acreage used, and productions. This scheme would totally decouple government payments from production and acreage. This option was “revolutionary” in the sense that it would give full planting flexibility and a descending federal payment to farmers over seven years regardless of commodity supplies or market prices (Wessel 95). After that period, the idea was that farm subsidies would stop completely and American agriculture would start operating in a free-market economy.

After the introduction of this option, other bills from both the Senate and the House came into the process. Most of these options consisted of more or less variations of current farm legislation, from huge to small budget cuts. The farm bill “guidelines from the Clinton administration, the Cochran bill in the Senate, and the Emerson-Combest bill in the House all maintained the existing support mechanisms” (Orden 139). The decoupling option, called “Freedom to Farm”, was championed by Pat Roberts, who had to everyone’s surprise suddenly turned around. To achieve this he circulated a letter from Speaker Newt Gingrich (Georgia), Majority Leader Richard Armey (Texas), and Majority Whip Tom DeLay (Texas) indicating that unless the Agricultural Committee reported sweeping reforms, agricultural policy might be changed through the leadership’s control of the budget process (Ibid.).

After long debates over the various bills, it seemed like discussion would go into over-time. In late 1995, the Republican leadership had gone head to head with the Clinton administration, culminating in a federal government stand-still. They could not afford yet another delay. To get a farm bill through Congress, the Republican leadership started to lower the spending restrictions on the farm bill. Gingrich had for a long period stood firmly on spending cuts, but when it came down to it he acknowledged that he lacked the votes he needed for reconciliation (Orden 145). After some bargaining, the House majority passed the budget reconciliation bill by a 227 to 203 vote (Ibid.).

What followed were new debates in both the House and the Senate. The House passed the Agricultural Market Transition Act, approved by the committee with unanimous Republican support (Orden 157). It received three Democratic committee votes. In the Senate the Agricultural Committee approved a bill that was characterized by more bipartisan cooperation than the House bill. To achieve bipartisan support for the

Senate bill the Republicans allowed retention of the 1949 permanent law, a concession that Democrats claimed was a key victory for maintaining a safety net for farmers (Orden 158). This meant that if no farm bill was produced when the old one expired, the 1949 permanent legislation with parity price supports would become law, ensuring continued farm program spending.

Although the two bills coming out of the House and Senate were different in both scope and detail, the climate was now more relaxed than it had been. People who had been worried that they would be unable to produce a farm bill in time now began to see the light at the end of the tunnel. What came out of the conference was titled the Federal Agricultural Improvement and Reform (FAIR) Act. The FAIR Act was “scored as saving \$2 billion from December CBO budget baseline” (Orden 164). It was important for the Republican leadership to brand the farm bill as both a reform and as cost saving. They could now claim that they had achieved budget discipline. An article in *the New York Times* featuring the signing of the bill was titled: “Clinton Signs Farm Bill Ending Subsidies”. The final bill was passed in the House of Representatives by an overwhelming 318 to 89 majority and in the Senate by 74 to 26 (164). President Clinton signed it into law, saying that it “fails to provide an adequate safety net for family farmers” and that he would submit legislation to Congress next year “to strengthen the farm security net” (Associated Press, “Clinton Signs”).

Wessel argues that American farmers have always gambled successfully on “Congress’s willingness to provide government assistance when prices fell, regardless of the agricultural program then in force” and that in 1996 “farmers reasoned that they could take advantage of government payments during a period of relatively high commodity prices and still find relief in the future if low commodity prices reappeared” (95). During the debates on the 1996 farm bill commodity prices went up. It was predicted that market prices would pass the current target price, meaning that government payments to farmers would decrease. The seven year plan of decreasing annual direct payments to farmers would with high market prices give higher government payments to farmers than the 1990 legislation (or a modification of that policy). Ironically, Roberts and the Republican leadership used this as an argument for passing the FAIR Act. In an election year many politicians were comfortable with going for the alternative that would give farmers most

money, even though in the long run government payments would stop completely. But some did complain that the farm bill might have tasted good when you drank it, but then you would die.

Orden et al. claims that prior to the 1996 FAIR Act almost all scholars were geared to “an explanation of continuity in U.S. farm policy, not policy change” (175). Most policy analysts neglected “the influence of party control in Congress on the content of U.S. farm policy” (175). Analysts saw agricultural policy as a deadlocked system where logrolling and bipartisan coalition building could not be broken up, especially since President Clinton was an advocate of farm policy continuity. David Orden et al. offers two main explanations to why Congress in the end adopted the Freedom to Farm approach that early on looked to be “dead on arrival”.

Party control of Congress was important, although most politicians involved in farm policy have stronger ties and loyalties to commodity groups and regions than to party. The “apparent power of commodity and regional loyalties over party differences also reflects successful recruitment and cultivation of Congress members by narrow commodity-based political action committees” (Orden 178). Orden et al. goes on arguing that “party loyalties do not dominate in debates among producer groups, but they emerge as important when the enactment of legislation comes at issue” (178). Early in the process members of Congress take care of their own personal issues reflected by where they come from and who supports them. In this battle small commodity groups that otherwise would not build coalitions big enough to pass legislation on the floor gain considerable influence. When time comes for a floor vote, no coalition of farm groups can build an effective majority. Party loyalty and party discipline become important at this stage of the farm bill because only party coalitions are big enough to win a majority. Gingrich and the Republican leadership managed to build a Republican coalition based more on party line than anything else in 1996.

The 1996 FAIR Act reflects long-lasting Republican ideas on farm policy. In broad terms, the Democratic Party tends to support a significant domestic policy role for the federal government while the Republican Party tends to favor less government and more of a role for the private sector (Orden 179). The FAIR Act sought to move farm policy into a market-based economy, consistent with the Republican ideology. Orden et

al. argues that the Republican takeover of Congress in 1994 was not enough in itself to change farm policy. Republicans had previously rejected farm policy changes. But it did bring a significant movement in congressional preferences away from price support programs and toward policies that did not constrain farm production or agribusiness marketing activities (Orden 181). What triggered the policy change were high commodity prices that enabled central farm politicians to sell it to their constituencies.

According to Orden et al. the Republican takeover of Congress in 1994 combined with higher market prices were the two major conditions that gave birth to the 1996 FAIR Act. They offer five other alternative explanations: (1) the Uruguay Round Agreement on Agriculture, (2) federal budget pressure, (3) the cumulative structural modernization of agriculture, (4) diminished potency of the farm lobby, and (5) emergence of newly dominant ideas in agriculture. They dismiss all these as not adequate to help explain the changes that occurred in the FAIR Act. They conclude that “the most important reforms in the FAIR Act simply would not have been legislated had the farm bill debate taken place in 1997-98 instead of 1995-96” (204). This is a valid assumption. The special partisan ideology of the Republicans in the mid-1990s with their strong determination to cut spending and achieve fiscal responsibility helped make conditions in Congress unusually attractive for a free market reform. It suspended much of the normal acknowledged conditions of farm policy-making. Combined with high prices and optimistic projections the Republican takeover of Congress managed to upset the consensus of traditional commodity subsidies that had existed prior to the FAIR Act.

The FAIR Act importantly did not abolish the permanent legislation of 1938 and 1949, and although the FAIR Act was perhaps the most sweeping reform in agricultural policy since its institutionalization, it did not end subsidies, but changed them. As long as the reform promised subsidies for a period of seven years, most people involved saw the chance of changing the policy if it did not work out to their advantage. If the farm bill had promised payment stops after only two years, more people would have been skeptical. What happened next is good evidence that Orden et al. were right in their assumption that the FAIR Act would never have come to life without high prices in the summer of 1996.

3.5 Backtracking and Emergency Relief

In 1998 farm income started to drop due to a fall in commodity prices. The President supported emergency crop disaster relief expenditures of \$500 million and instructed his secretary of agriculture to use existing CCC authority to buy \$250 million of wheat for food aid donations (Orden 206). These extra expenditures were all off-budget emergency assistance to farmers. Democrats rushed to the floor to remove FAIR Act loan caps and thus raise price-support levels and provide farmers with a “safety net”. In 2000 alone, “farmers earned \$32.4 billion in government subsidies- about 40 percent of their income” (Hurt 398).

Republicans, too, showing that the 1996 FAIR Act spending cuts were fragile, rushed to be more generous toward farmers. Their plan was for “special decoupled ‘market loss payments’ to supplement the income relief and new decoupled payments” (Orden 206). President Clinton vetoed this as not generous enough. As low prices persisted in 1998, Congress and the administration delivered unbudgeted new support to farmers in numerous ways, enough to keep net cash farm income near its 1996 level, despite low prices.

Republicans also sought to increase exports as a way of increasing prices. In 1998 Senator Richard G. Lugar, Republican of Indiana, and Chairman of the Agricultural Committee, rushed through the Senate a bill to allow farmers to sell wheat to Pakistan (Rosenbaum, “Common Ground”). Republicans wanted to exempt food exports from the sanctions the United States imposed on India and Pakistan after those countries conducted nuclear tests in May. Senator Tom Harkin, on the other hand, concluded: “I simply do not believe you can trade your way out of a farm disaster. I think the Government has got to step in” (Ibid.). He also argued that the 1996 farm bill was like Holy Scripture to Republicans and that changing it would prove that they were wrong (Ibid.).

Farmers had gambled on government support if prices fell, and Democrats and the President were more than willing to help. The FAIR Act itself was not changed, and the additional expenditures were unbudgeted. The increased decoupled payments were seen as “de facto abandonment of full decoupling” (Orden 207). It indicated that farmers and the Congress were unwilling to stay the course and take the political punches needed to

end subsidies. For each of the years from 1998 to 2001, Congress responded to low market prices by supplementing the lump sum contract payments with huge amounts of temporary disaster relief for U.S. farmers (Pasour 315). Although the FAIR Act ended target-price programs, it did continue the nonrecourse loans (the program in which a farmer could loan money from the CCC with his crop as collateral). When the 1996 farm bill was about to end in 2002, it was apparent that there would be changes in farm policy. The FAIR Act had resulted in huge unbudgeted spending for farm relief because the Act had failed to provide an adequate “safety net” for farmers when prices fell.

The FAIR Act was not set to expire before September 2002, but because of the unbudgeted spending and presumed failure of the FAIR Act, discussions on re-writing agricultural policy began in early 2001.

The Farm Security and Rural Investment Act of 2002

Both the Republican Party and Democratic Party have traditionally supported farmers and have been sympathetic to their view. Where they differ is on how to achieve a successful agricultural policy. It is more a debate on the means rather than the goal, although supporters from both sides would perhaps disagree. In this chapter policy reform or “change” will be used not necessarily to describe a change to the better, but a change from what exist. Change (or reform) away from the FAIR Act would therefore mean a return to more traditional commodity subsidy programs.

A farm bill covers a wide range of programs including food stamps, rural development, conservation, commodity subsidies, nutrition programs, research, energy policy, and animal rights. Debates over the new farm bill were long and difficult and resulted in a return to pre-1996 policies. From being reported out of the House Agricultural Committee in the summer of 2001, it was not signed into law before May 2002. During this long process, the federal surplus projections changed from positive to negative, and America began the War on Terror.

With a Democratic majority in the Senate, and a narrow Republican majority in the House of Representatives, many proponents of traditional commodity subsidies hoped to redraw the FAIR Act from its free-market direction. By 2001 many critics had dubbed the Freedom to Farm Act the “Freedom to Fail Act”. Between 1996 and 2001 Congress appropriated big annual subsidies to distressed farmers, and when debates began on a new farm bill in 2001, many were ready for a change (Orden, “Reform’s Stunted Crop”).

Those who wanted a free-market approach to farm policy wanted to improve but not radically alter the FAIR Act. They argued that subsidies only went to big corporate businesses, not family farmers, and that current subsidies encouraged overproduction that kept prices low. They found common cause with environmentalists who wanted less money for commodity subsidies and more money for conservation programs and the poor. By directing more money into conservation, less land would be cultivated, leading

to less overproduction. For many members of Congress conservation became the solution to many of the problems facing the agricultural sector.

Despite huge tensions President George W. Bush signed the Farm Security and Rural Investment Act of 2002 into law on May 13, 2002. But before the main debate on the farm bill began a smaller but just as contested debate was fought over emergency payments.

4.1 Emergency Payments

The FAIR Act had received considerable attention. The reason was that it was believed to have the potential to reform farm policy and end farm subsidies as they had been known since federal farm programs were introduced in the 1930s. As discussed in chapter three, one of the major reasons why the FAIR Act was passed was that Democrats and farm groups had calculated that they would receive higher payments from the fixed payment scheme in the FAIR Act than any counter-cycle program. But as prices fell sharply in 1998 the fixed payment program provided less support to farmers than what had been available from older programs. Critics of the FAIR Act were not happy with this outcome. When prices collapsed in 1998 lawmakers were eager to appropriate extra support to farmers (Orden, “Reform’s Stunted Crop”). In 1998 Congress approved \$5.7 billion, in 1999 \$8.6 billion and in 2000 \$7.1 (Shenon, “Senate Approves”). Since the first emergency payments there was mounting pressure for a bigger and more lucrative farm bill.

The Republican House had passed a \$5.5 billion emergency bill, but Tom Harkin, the Senate Agricultural Committee Chairman, argued that this was not enough. A larger amount was necessary to finance programs for smaller farmers who were ineligible for the special subsidies for row crops: corn, wheat, soybeans, rice and cotton (Becker, “Senate Rejects G.O.P”). Harkin’s bill triggered a response from Mitchell E. Daniels, Jr., the White House budget director, who said he would recommend the president to veto any bill larger than \$5.5 billion (Becker, “Farm Bill Advances”). Harkin insisted that “without these programs ... thousands of farmers could go out of business” and that “[w]e need to help all the family farmers all over America, not just those in the big farm

states” (Becker, “Senate Rejects G.O.P”). The extra \$2 billion would go to conservation programs and the growers of special crops.

Senator Richard Green (Dick) Lugar from Indiana, the ranking Republican on the Agriculture Committee, argued that the current subsidies did not give enough help to small farms. Still, he argued that more supplemental aid before the fiscal year ended was not the way to reorder farm policy. Lugar used numbers provided by the USDA saying that the net worth of the nation’s farms was up 3.2 percent in the last five years. Although met with large resistance in the Senate and a looming veto threat, the Senate passed a \$7.5 billion emergency bill 52 to 48 (ibid).

The \$7.5 billion bill had to be signed by the time Congress left for recess or else Congress would lose authority to spend money. The \$7.5 billion bill passed the Senate early in the week, and time was running out. Senator Lugar resubmitted his \$5.5 plan, arguing it was the only practical alternative. Lawmakers from New England threatened to oppose the bill if it did not include an expansion of the New England dairy compact. Majority Leader Tom Daschle from South Dakota said that there was no time for maneuvering and that they had to act fast (NYT, “Senate Republicans”). As Democrats and Republicans were fighting over extra spending, the White House insisted that Bush would veto any bill over \$5.5 billion. Democrats accused the White House of abandoning farmers who had been casualties of falling commodity prices. The Senate Democratic leaders finally backed down after they had lost a procedural vote for quick passage of their plan. Senator Harkin concluded: “The gun was held to our heads and the White House refused to compromise” (Shenon, “Senate Approves”).

Despite veto threats Senator Daschle said he would fight to find the extra money needed after the summer break. He described the President as “willing to expand government programs only so long as they benefited his wealthy corporate supporters” (Ibid.). Bush and Republican supporters of the \$5.5 billion bill argued that there was no need for larger subsidies because “some livestock and crop prices had increased in recent months, easing what had been a crisis for many farmers” (Ibid.). Harkin remained convinced that the Republican bill was totally inadequate to meet the needs of farmers across the country and that the subsidies were providing just enough “to keep them in the basement” (Ibid). Secretary of Agriculture Ann M. Veneman also said that there was

evidence of “easing” to the downturn. The heated debate over the emergency payments would be a prelude to the farm bill debate later that year.

4.2 Budget Politics and Timelines

For many environmentalist and their supporters in Congress it was important to have new legislation because many of the conservation programs would have to shut down without new and better funding (Fonder). Falling prices and the failure of the FAIR Act had left many farmers pushing Congress to pass a new farm bill in 2001, especially when signs were showing warnings of a dwindling federal surplus, and because the emergency payments were lower than expected. Not all agreed, and some agriculture lobbyists and members of Congress, especially people calling for reform and a continuation of the FAIR Act, thought the debate could wait until 2002. After the summer recess Congress and the President came back to Washington prepared for what was deemed one of the more virulent budget debates in several years.

Government analysts projected that the federal surplus would be much smaller than what had been expected. The new numbers left Congress and the White House haggling for months over what cuts had to be made, which programs to cut and where to increase spending. Senator Robert C. Byrd from West Virginia, chairman of the Senate Appropriations Committee, said: “Lady Luck seems to have taken a hike,” and warned of a possible “13-car pileup” in the budget that fall (Becker, “Senate Rejects G.O.P”). On the floor Senator Byrd warned that because of the tax cut and the sluggish economy politicians in Congress were poised to spend the Medicare surpluses, disrupt the debt-retirement efforts and dive right back into the deficit doldrums (Ibid.). The Bush Administration, seeking support for its tax cuts used the victory over the farm emergency spending bill to suggest that under Bush Congress would be more fiscally responsible than it had been before.

The political stakes were high after the summer break. Democrats were one vote in majority in the Senate, and the House was narrowly controlled by the Republicans. The news of the dwindling surplus and the Social Security problem came as a surprise to many members of Congress. Bush had achieved his \$1.3 trillion tax cut earlier that year and just months after economic projections had been looking bad. House Democratic

leader Richard A. Gephardt argued that the way the farm bill issue was resolved would have a lot to do with the 2002 election (Alvarez). The full House and one third of the Senate was up for election in 2002.

The big challenge for Congress was to pass the 13 bills to finance next year's government programs. Everybody had promised not to tap into the Social Security surplus. Bush said that he wanted Congress to make two priorities: education and military spending bills. Congress responded by stating that it would be very difficult, if not impossible, to do so at the exclusion of the rest (Ibid.). The ranking Democrat on the Appropriations Committee, David R. Obey, said: "There isn't anything left over". The combination of an economic slowdown and the tax cut had scooped off the table everything needed to deal with long-term problems (Ibid.).

The Bush administration was more optimistic about the dwindling surplus than Congress. Mitchell E. Daniels, Jr., the director of the White House Office of Management and Budget (OMB), said on Meet the Press that they were dealing with historic, gigantic surpluses under any numbers and that spending in the president's budget would go up over \$100 billion (Alvarez). Senator John Kerry of Massachusetts responded by calling that view "divorced from reality", and that it was "so wrong on the fundamental facts" that it really underscored the nature of the confrontation that was about to take place (Ibid.). As debate was heating up, it became evident that some programs would suffer. Spending on the farm bill looked gloomy with the White House stating that money had to be found before the bill could be passed (Ibid.).

Spending for the farm bill did not become easier after the 9/11 attacks. America stood still for weeks, but in late September Agricultural Secretary Veneman announced that the Bush administration was uncertain whether there was enough money to finance the \$171 billion House farm bill. This raised the possibility that farm subsidies might be the first major program to feel the pinch of the new wartime budget (Becker, "Agriculture Secretary"). The \$171 billion 10-year House farm bill had been reported before the new budget numbers and before the 9/11 attacks. Secretary Veneman admitted at a Senate Agricultural Committee hearing: "I can't tell you where the budget is going to go with regard to anything" (Ibid.). This did not comfort anyone.

Senator Lugar said it would be irresponsible to even consider such a huge spending bill in the middle of a war and ridiculed the arguments that had come after the 9/11 attacks that a \$20 billion a year subsidy for grain and cotton was necessary in the war effort. As time passed, worry among agrarian legislators grew about how much they would be able to spend on the farm bill.

Senator Kent Conrad from North Dakota, chairman of the Budget Committee, pleaded Secretary Veneman to tell him how much money would be available. He argued that the farm economy was in dire trouble, and if money was not available there would be “a race to the auctioneer” (Becker, “Agriculture Secretary”). Veneman responded that it would be up to the OMB to decide if there was money available and promised that the administration would issue its response to the House before the bill was debated.

Secretary Veneman also said in the hearing that there was some good news for American agriculture. Farm income would be at an all-time high of \$61 billion in 2001, and farmland had risen in value by 21 percent. That stood in stark contrast with what many argued in the Senate, including Conrad, who announced: “I’ve never seen such a sense of despair among farmers” (Ibid.).

Proponents of increased subsidies were eager to pass a farm bill before the Christmas break, but it looked gloomy as House debate was scheduled for early October, and nobody really knew if there was enough money available. Their efforts were also tempered by the fact that the current legislation would not expire until September 2002, leaving a possibility for Congress to postpone the farm bill until then. But this did not discourage proponents of a farm bill in 2001.

4.3 The House of Representative Debates

In September 2001, Larry Combest, chair of the House Committee on Agriculture, reported a \$171 farm bill over ten years named Farm Security Act of 2001. This was a \$73 billion increase in spending from the last farm bill. The bill was co-sponsored by the Democratic ranking minority member Charles Combest (from the neighboring district to Combest in Texas). They had drafted a farm bill that would give higher subsidies than the current legislation and even new commodity subsidies. It would do much to change farm policy away from the FAIR Act direction of a free-market approach.

The Farm Security Act of 2001 was nick-named the Texas Hurricane by opponents because the bill was perceived as moving too fast and was by opponents feared to be devastating to American farmers. It would continue the traditional practice of high commodity subsidies, and provide little to conservation and the environment. Amendments were attached to the bill, introducing new commodity subsidies, including a new \$3.5 billion peanut subsidy. The Combest bill became the rallying point for those in agriculture who sought to maintain the traditional policy instruments.

Combest argued that the major commodity subsidies should be more predictable for farmers and championed a system with farmers receiving less money when their crops fetch higher prices (Becker, “Unlikely Allies Press”). These counter-cyclical payments (CCP) would provide higher payments when market prices fell below a certain level (target price). This would again tie agricultural subsidies to historical production levels. If market prices were above target prices, payments would be less. It would give farmers more predictable income and provide subsidies when prices fell. A bigger and more traditional bill was seen by many supporters as necessary to solve the problems many farmers had encountered after the failed FAIR Act. To “beef up” the farm bill would solve the problem of having to appropriate extra funds to farmers each year (Orden, “Reform’s Stunted Crop”).

The Combest bill did not have any subsidy cap for individual recipients, and it did not specify how much money would go to conservation. In June 2001, an aide of Combest told the *New York Times*: “When the environmentalists discovered the farm bill, they made it trendy. Now the conservation programs are more oriented to Eastern farmers”. The aide also added: “Mr. Combest prefers the more traditional point of view of protecting soil banks that would give more money to the Western areas” (Becker, “Unlikely Allies Press”).

The Farm Security Act was attacked by many legislators from non-farm states who argued that it represented the old way of doing things. Critics claimed that Combest’s traditionalist views would sock the taxpayers for nearly \$20 billion annually in farm subsidies that were advertised as helping the family farmer but in fact were given mainly to agribusiness (NYT, “Helping Farmers”). Many people argued that the increased subsidies would continue the old way of supporting agribusiness and therefore

encourage further consolidation in the industry, crop surpluses, and lead to low prices (Ibid.). Because of the low prices, demand for new subsidies and emergency relief would be down the road. Some of the critics of the Combest bill were fellow Republicans and the Bush administration.

4.4 The White House against House Republicans

The Bush administration came indirectly out against the House proposal sponsored by Combest. The Administration did not in clear writing state that the bill should be amended or that it would be vetoed, but gave strong indications that it was not pleased with the House bill. The administration argued for more conservation and international trade over an existing approach that was too generous to wealthy grain and cotton farmers (Becker, “Administration Seeks”). President Bush supported ‘green payments’ to farmers who practiced land, water and wildlife stewardship (Abbott).

The 120-page Bush platform was a huge blow to proponents of commodity subsidies and a boost for non-rural legislators and reformers who wanted more conservation. The Bush administration claimed that the current \$20 billion annual subsidy program would distort the market, push land prices to artificially high levels and jeopardize trade agreements (Ibid.). A leading argument by the White House was that the farm bill would benefit more people if the focus of the current farm proposal from Combest would shift from only commodity subsidies to conservation, access to foreign markets, expanded research into pest and disease control, and better infrastructure (Ibid.).

Secretary Veneman, a free trader, stressed the importance of not producing a farm bill that would be in conflict with international agreements. Combest insisted that his proposal was in line with what the Administration wanted. Although his proposal was far from being in line with the Administration’s view, it would buy Combest time since the OMB statement clearly came as a surprise to both him and his supporters. Ms. Veneman had told the World Trade Organization in June that “\$10 billion in farm subsidies in the 1998 to 1999 marketing year were ‘trade distorting’” (Becker, “Harkin and Lugar”). Combest attacked her for this, concluding that her attitude was “the equivalent to a unilateral disarmament that cede[d] ground and gain[ed] nothing in return” (Ibid.).

As the Bush Administration and Republicans in the House were fighting over the Combest bill, Republican Senator Richard Lugar joined in, arguing that the Combest bill was misleading and that it was mostly a division of the spoils for the major commodity crop producers and that many of the safety nets that already were in place for farmers actually stimulate overproduction and depress prices (Abbot). Lugar and the White House joined forces, much to the displeasure of many farm-state Republicans. It seemed that the Republican Party was geographically split between rural and non-rural legislators with the White House taking the side of the latter group.

That the Bush Administration was supporting conservation did not surprise just Republicans, but also environmentalists like Ken Cook, president of the Environmental Working Group (EWG). He said: “We’re all very pleasantly surprised,” and that “this could be a watershed in agriculture policy if the administration follows through with specific proposals for the new farm bill” (Becker, “Administration Seeks”). Ken Cook and the EWG played a very special part in the farm bill debate. In late 2001, Ken Cook and his EWG launched a web page that was to be known as “the web page” in congressional debates.

The EWG is a non-profit organization whose main goal is to champion environmentalism in farm policy by showing what subsidies go to whom. Ken Cook argued that the main purpose of the web page was to show that the bulk of subsidy payments go to a disproportionately small group of individuals, including many who are not actively engaged in farming (Perkins). For many reformers in Congress the EWG became an important tool. To many traditionalists in Congress, the EWG made it difficult for them to appeal to the family farm as a support for traditional high commodity subsidies, since the web page clearly showed that most subsidies went to big farmers (www.ewg.org).

When *the New York Times* and *the Washington Post* published articles about the web page, it soon became very popular. The *New York Times* wrote that it “not only caught the attention of lawmakers, it also helped transform the farm bill into a question about equity and whether the country’s wealthiest farmers should be paid to grow commodity crops” while most small farms received nothing and were going out of

business (Becker, “Web Site Helped”). The web page was especially important in the Senate debate whether to limit individual subsidies.

Although it was embraced by many, supporters of the Farm Security Act of 2001 reacted negatively. Larry Combest accused the group of trying to eliminate all support for farmers. He said in an interview: “This is a conservation group that would like to take every dollar in a farm bill and spend it on environmental programs, have no farm programs at all” (Ibid.). His statement reflected a feeling among traditionalists that they were under attack from conservationists and non-farm interest. Cook, on the other hand, argued that the web page just showed the public what farmers already knew. As Combest and his followers were in full conflict with their own Administration, House Republicans and Democrats drafted an amendment that reflected some of the Administration’s views on conservation.

4.5 Toward more Conservation

The Boehlert-Kind-Gilchrest-Dingell amendment was a bipartisan amendment sponsored by two Republicans and two Democrats from Eastern states. Their goal was to give conservation an important place in the farm bill. They wanted to provide a fair distribution of federal assistance payments to small agricultural producers and also work to protect wildlife habitat, reduce sprawl onto agricultural land, and provide open spaces (Kind). They argued that the current commodity payment system only rewarded mass producers since payments were linked to production levels. It failed to help the majority of American farmers. The result was that three-fourths of all farm program funding went to less than one-third of the producers and that most farmers who received these payments were in just 15 heavily agricultural states (Ibid.).

Supporters of the Boehlert amendment argued that the 1996 FAIR Act, which had attempted to separate subsidies from production, had failed. The Boehlert amendment was designed to support farmers and the environment by diverting \$5.4 billion per year from subsidies to conservation. Instead of diverting acreage from one crop to another as the discredited (FAIR Act) allotment system did, it would pay farmers to put more land into conservation programs (Ibid.). By doing so it would, according to them, reduce overproduction, keep prices high, and also save the environment.

The Boehlert amendment would shift \$2 billion from commodity payments to payments for participation in voluntary conservation programs. In effect, the amendment would totally replace the conservation program in the Combest bill (the Farm Security Act). In total, their amendment would shift \$20 billion of subsidy payments to conservation programs which would spread \$55 billion for environment and conservation programs to more farmers in more states (Becker, "As House Prepares"). According to www.familyfarmer.org the amendment was supported by more than 225 groups, but was met with hostility by the House Agriculture Committee leaders who mounted an all-out campaign of intimidation and misinformation, including a threat to withhold nutrition assistance money if the amendment passed (Family Farmer, "Farm Bill").

Richard Lugar voiced his support of the Boehlert amendment in early October, saying: "They [were] trying to upset the apple cart of the current committee." Lugar noted that their amendment had many similarities to the amendment he had presented himself in the Senate (Fonder). Realizing the mounting opposition to his farm bill, Combest threatened to pull the \$170 billion bill if the Boehlert amendment was adopted. Spokesmen for the Agricultural Committee warned that the chairman had several options if it were adopted (Ibid.). According to the leadership in the House Agricultural Committee sponsoring the Combest bill, 40 percent of the programs in the farm bill would be "gutted" if the conservation amendment were adopted. Kind responded to these attacks by arguing: "This [didn't] have to be anything nasty and personal and vicious" (Ibid.). But tensions were building as the House was preparing to debate the bill in early October.

Some factions inside the Democratic Party wanted to change farm policy away from the heavy reliance on commodity payments. They wanted more money for conservation that would shift more subsidies from the traditional receivers in the South and Midwest to the East. Democrats who supported traditional commodity subsidies wanted less to conservation and more focus on commodity subsidies. The Democratic Party was geographically split in its view on the direction of farm legislation just like the Republicans.

Conservation was embraced by many factions, providing very unlikely allies. A coalition of more than 100 environmental and hunting organizations from the Sierra Club

to the National Rifle Association was pressing to add conservation as a major act in the farm bill. Conservation measures aimed at recovering millions of acres of wetlands, prairies, grassland and forest and protecting the wildlife that lived on the land (Becker, “Unlikely Allies Press”). These conservation programs were almost lost during the Republican revolution in the 1990s.

The FAIR Act had originally excluded financing of conservation, but Rep. Sherwood Boehlert of New York had offered an amendment in 1996 to reinstall the programs and had won by 372 to 37 votes. This had established the divide between Eastern and Western farm states over financing (Ibid.). Boehlert commented in an interview in June 2001 that conservation used to be considered the purview of the Midwest and its eroded soil, but now with its expanded programs it had worked wonders for Eastern farmers (Ibid.).

Previously, most legislators from non-rural states had been mainly interested in the farm bill because of its food stamp program. Now they saw a chance to receive more money from farm subsidies. Their arguments for a change from a commodity to conservation focus fell nicely together with the rising awareness of environmentalism and the argument that too much of the subsidies were going to big corporate farmers. The EWG web page became an important tool to win support.

Previous conservation programs were designed so that farmers could voluntarily line up for cash payments in return for taking their land out of production. By 2001 farmers had put aside more than 35 million acres as nature reserves and another million to wetlands. In 2001, farmers and ranchers had applied for \$3.7 billion in payments for setting aside an additional 68 million acres, but the program had run out of money (Becker, “Unlikely Allies Press”). Arguing for more financing, environmentalists said it would help the environment, slow consolidation of farms since farmers could hold on to their farms, sustain wildlife, and slow encroachment of suburbs into the countryside. In Congress legislators responded to their arguments.

The group of environmentalists, together with fishing and hunting groups, was dubbed the hooks-and-bullets crowd. In Congress, this group found allies among the legislators from states where farmers received a small portion of the \$20 billion annual subsidies for the major crops. In June, 2001, more than 120 House members wrote to the

Agricultural Committee leadership, asking for more support for their conservation programs. The proposal was rejected by the leadership. It was now clear that the Boehlert amendment would not be accepted and incorporated into the Combest bill (Becker, “Unlikely Allies Press”).

The geographical split in Congress was more visible in the 2002 farm bill than in the 1996 farm bill. The Senate was a good example of this. A group of 43 Republican and Democratic senators from New England and the Mid-Atlantic states formed an informal caucus in support of farm conservation programs. Its political pull was significant in the Senate farm bill, where conservation ranked third in payments, behind corn and wheat subsidies (Ibid.).

The “eggplant caucus” was organized by Senator Patrick J. Leahy, Democrat from Vermont, and got its name after a leading New Jersey farm product. The purpose of the caucus was for senators from Virginia to Maine to really dig into the commodity subsidies and convert it into conservation measures that would give payments to their home states. The “eggplant caucus” wanted to actively reform farm policy. Spokesman for Senator Leahy, David Carle, stated: “Its immediate focus was to stress that Northeast and Mid-Atlantic states whose agriculture interests are different from those of the mass commodities of the Midwest deserves a seat at the table” (Morgan). One of their first successes was the \$7.5 billion emergency bill passed by the Senate which had emphasized conservation measures.

But the success of the caucus was evidence of a larger trend in the farm bill debate. It became clear that the eggplant coalition was only a part of a bigger effort from many directions to broaden the benefits from farm programs to the whole of the USA, not just the Midwest and South. Two of the main champions for this change were Harkin and Lugar.

Both Lugar and Harkin came out against the Combest bill in the House, criticizing it as “mired in old, failed methods of supporting farmers” (Becker, “Harkin and Lugar”). The farm bill drafted by Harkin would shift the focus away from commodity subsidies to the promotion of trade, conservation efforts, rural development, and environmental protection. The fundamental difference between the bill coming out of the Senate and the bill proposed by Combest was that the Senate bill wanted to “spread” the money in the

farm bill to benefit more than Midwestern farmers. It wanted to do more to help the family farmers.

Figures released by the USDA in August 2001 reported that farm income would reach a record high of \$61 billion in 2001 and that land prices had gone up by \$4.6 billion in the last year (Becker, “Harkin and Lugar”). This made it possible for Senator Harkin to question whether Congress should continue to support every bushel, bale, and pound that was being produced in the USA (Ibid.). Lugar and Harkin argued effectively in the Senate that if income was higher than ever, and production abounded, the time was right for more money to be spent on conservation and the environment. Although most of the big agricultural organizations supported the Combest bill, the Harkin bill found allies in President Bush, the environmental lobby, and some farm organizations backed by small-scale farmers.

The Bush administration indicated that it would not support the Combest bill, although by late September it had yet to endorse any bill. It did not take too long before it did, sparking harsh reaction among House Republicans. The Administration made a somewhat surprising move in a memo from the OMB in October 2001. A month before, secretary Veneman had promised to give the House its opinion before debates in the House. Now she offered the Administration’s opinion just days before the House debates began. The Bush Administration came out against the Republican-sponsored House bill, saying it would give too much money to commodity subsidies and not enough to conservation efforts (Becker, “White House Criticizes”).

The OMB released the Bush administrations views urging the House to rewrite its farm bill proposal and make it “better for rural America, better for the environment, and better for expanding markets” (Ibid.). The Bush proposal would shift some \$19 billion from crop subsidies to conservation projects. The Administration’s views triggered an open conflict in the Republican camp, with House members feeling betrayed by the President. Larry Combest responded to the announcement by stating: “For you to come now at the last minute is an insult. How could you dare do this to us?” (Ibid.). The Administration’s position made the rift between farm and non-farm Republicans wide, and nobody seemed to be much in the mood for healing. The House bill was scheduled for debate in early October of 2001.

4.6 The Texas Tornado

The Rules Committee resolution on the Farm Security Act of 2001 was reported to the House on October 2. It was passed the day after, and the general debate on H.R. 2646 (Farm Security Act of 2001) began in the House with Ray LaHood as the Chairman of the Committee of the Whole.

With the support by the Bush administration and Senate legislators, the Boehlert amendment sponsors looked optimistic regarding its passage. The Administration's support of the Boehlert amendment came as a surprise to many Republican legislators in the House, although indications of this had been present for months. Combest had indeed filed an amendment before the debates on the floor, which would give the agriculture secretary authority to cut subsidies if these violated trade agreements. Previously Combest had claimed that his farm bill was in line with international agreements. By adding this amendment he and his co-sponsors had hoped to gain support from the White House, or at least appease the Administration enough for it to stay out of the debate (Becker, "White House Criticizes").

They had failed, and on the first day of debate "speaker after speaker rose to denounce what they considered a cowardly betrayal" by the White House (Ibid.). Rep. Jim Nussle, the Iowa Republican who was chairman of the Budget Committee, stated that Secretary Veneman needed a wake-up (Ibid.). In addition to denouncing the White House position, the House Agricultural Committee leaders began a tactic of intimidation. Charles W. Stenholm, a co-sponsor of the Combest bill, sent an e-mail message "to the offices of Democratic lawmakers warning that if they did not vote for the bill, their favorite programs, especially food stamps and nutrition programs, would be undercut" (Ibid.). Larry Combest kept insisting that he would pull his whole bill if the Boehlert amendment was passed. If the whole bill was pulled the likelihood of any farm bill passed in 2001 would look very dim, to the concern of many legislators, many of whom supported the Boehlert amendment.

The debate in the House continued with 33 amendments considered on October 4. The most important one was the Boehlert-Kind-Gilchrest-Dingell Amendment. After an intense three-hour debate it failed by a recorded vote of 226 to 200. This was a huge

victory for the House Agricultural Committee leaders and a blow to supporters of the Boehlert amendment. Ron Kind said after the defeat: “Even though we lost this vote, it sends a clear message that people want a policy that would benefit farmers in all parts of the country and helps the environment” (Becker, “House Rejects”).

According to Elizabeth Becker in *the New York Times* the measure was defeated primarily by lawmakers from the traditional farm states who “considered the measure a threat to the current subsidy programs that largely reward only farmers of cotton, wheat, corn, rice, and soybeans” (Ibid.). The victorious Combest said after the vote that if the Boehlert amendment had passed it would have devastated agriculture. On October the 5, the H.R. 2646 bill won passage by a vote of 291 to 120 (THOMAS, “H.R.2646”).

For Combest and his co-sponsors the passage of the Farm Security Act of 2001 was a victory for all farmers in America. It had survived attacks from non-farm legislators and non-farm interests. Rep. George Miller, Democrat of California, said on the floor that “[t]he future for farmers is about forging an alliance between urban and suburban areas and rural communities, to include the other half of America” (Becker, “House Rejects”). But to many farm legislators this attitude was seen as a threat to farm programs. Gil Gutknecht, Republican from Minnesota, reflected this by commenting that the farm bill was in fact a farm bill, not an environmental bill (Ibid.). In the end, traditional farm policy had prevailed against changes encouraged by non-farm legislators. The Texas tornado had won passage in the House, but would meet resistance in the Senate.

4.7 The Senate Takes on the House Bill

Traditionalists arguing for increased farm subsidies often draw on the Jeffersonian imagery of the family farm. During the Senate debate, Congress was reminded of dairy farmers “rising at dawn to make sure city mothers have fresh milk for their children”, and grain farmers were praised for “providing Americans with the safest and least expensive food in the world” (Becker, “Ideal Farms”). Opponents of the traditionalists’ view argued that the old way of doing things causes overproduction that keeps farm prices low, aggravating farmers’ financial situation, not improving it.

The debate had evolved into an ideal farm vs. industrial farm debate about how to view farm policy and the agricultural sector. Was agriculture a special sector in need of special federal treatment, or was it just like any other industrial sector? Those pushing for a free-market reform used the EWG web page which showed that most subsidies went to big corporate farmers, arguing that the programs were nothing but corporate welfare. Traditionalist arguing for higher subsidies claimed that more subsidies were needed to save the family farmers and rural America.

The Combest bill now faced review by Senate leaders and the administration officials who had said they were determined to transform agricultural policy. Their goal was to puncture myths about rural America and bring farm policy in line with international trade agreements and in line with modern agricultural economics (Becker, “Ideal Farms”). They attacked the traditional view of the farm sector as a special sector.

It became increasingly difficult for traditionalists to fend off arguments from reformers. The EWG had led many urban lawmakers to question why a sum of \$171 billion was being set aside for farmers in a program that favored the largest farmers (Ibid.). Rep. Barney Frank, Democrat of Massachusetts, asked: “Are farmers more noble than plumbers, or the welfare mother who has to go back to work and isn’t qualified for a dime?” He added: “This is a debate about corporate welfare for farmers that is finally boiling over” (Ibid.). This attitude was new in the agricultural policy debate and was gaining momentum.

In a letter to Senate Majority Leader Tom Daschle, a group of major farm organizations claimed that rushing a bill could well result in policies and programs that did not effectively address current needs (Brasher, “Farm Groups Support”). They cited assurances from the Bush administration that the president would consider more spending on the legislation over Christmas if the legislation was shelved. The farm groups represented farmers who raised corn, soybeans, cattle, hogs, poultry, fruits, and vegetables (Ibid.). Some of the more important groups were the American Soybean Association, the National Corn Growers Association, and the National Pork Producers Council (Monoson). Missing from the letter were farm groups representing wheat and cotton growers, the two major beneficiaries of the Combest bill. The American Farm Bureau Federation and the National Farmers Union were also missing from the letter.

Although the Bush administration called for a delay in passing the farm bill, offering to sweeten the deal if it was done, Daschle insisted that the current farm bill (the FAIR Act) was inadequate and wanted to pass a farm bill in 2001. His spokesman declared that no bill that year would put producers in a bad position for another year (Brasher). The reassurance that the White House had given the farm groups was thin. A spokesman for Secretary Veneman stated that if Congress produced a good, sound farm policy, then the appropriate funding should follow (Ibid.). But this did not reassure Harkin and Daschle.

Tom Harkin admitted that he felt pressured by the Democratic leadership to produce a farm bill in 2001 (Monoson). Agriculture Committee member and Budget Chairman Kent Conrad also said that a bill needed to be completed before Congress adjourned. Some members and pundits speculated that the Senate would be unable to pass a farm bill and reconcile it with the House bill in time before Congress adjourned. A way to solve this problem was for a senator to introduce the House bill in the Senate. Byron L. Dorgan, Senator from North Dakota, said that it was a viable possibility if the Senate was unable to mark up a bill in the committee (Monson). Lugar and others threatened to filibuster any such measure. But Harkin reassured everyone that the committee would write a bill. He also dismissed the looming threat of a presidential veto, arguing that they did not threaten the House bill, so chances for a veto to a Senate bill more in line with the president's view were small.

Richard Lugar introduced an amendment to the farm bill in the middle of October that would give subsidies to farmers based on need rather than acreage. The Bush administration and Secretary Veneman praised Lugar's bill. The bill would extend federal aid to more farmers, improve conservation efforts, and help international trade. It would also increase spending on nutrition and food stamp programs (Becker, "Senator's Farm Plan"). Lugar said he sought to "level the playing field for all working farmers" (Ibid.). Lugar's main argument was for legislators in Washington to concentrate on the War on Terror after the 9/11 attacks. But since the House had already passed a farm bill and was moving forward with it, he offered his \$75 billion, five-year plan as an alternative. His bill guaranteed up to 80 percent of the income of qualified farmers. Farmers who earn smaller sums of money would receive more than those who made more than \$250,000.

Lugar used his background to gain support of his bill. He was the only working farmer on the Senate Agricultural Committee. He stated: "I have an interesting perspective ... I know the programs actually fit for a real farmer and not for someone who is an advocate for farmers or who has constituents who are farmers" (Ibid.). His program would also increase spending on food stamps and have more conservation measures. By adding this to his bill, he counted on suburban and urban legislators to give their support.

The White House responded that although the Lugar plan was worth around \$80 billion, it was not beyond the Administration's limit on spending, giving hope to those who wanted higher spending. Senator Kent Conrad from North Dakota criticized the Lugar bill, claiming that it would change the traditional farm-bill emphasis, which would in the end hurt full-time farmers. The proposal would be an "unmitigated disaster" and would mean an "elimination of farm-programs" that would turn "all farm programs into a voucher program available to anyone who has driven through a rural area" (Monoson).

An alternative bill was sponsored by Senators Harry Reid of Nevada and Patrick Leahy of Vermont. According to a *New York Times* editorial, the bill would greatly increase spending on conservation programs aimed at encouraging farmers to restore "wetlands, improve habitat for threatened species, and hold the line against sprawl by preserving open space" ("The Eggplant Rebellion"). It would also make these incentives available for all farmers everywhere. This bill was supported by many in the "eggplant caucus".

Tom Harkin presented his farm bill in early November. The five-year farm bill tried to bridge the gap between the interests of big grain and cotton farmers and the smaller farmers. The Harkin bill would retain most of the subsidy system in place but would increase money devoted to conservation. Harkin had for a long period argued for a shift in policy to more conservation and that it should benefit more farmers. This had contributed to high expectations among conservationists. The Harkin bill left some disappointed. Still, Harkin had promised conservation measures, and his bill provided it.

Harkin's plan would increase spending on conservation by nearly 20 percent making it a cornerstone in his bill. Harkin argued that the Congressional Budget Office estimates showed that his measure would spend \$44.5 billion on conservation. The House

measure would spend \$37.3 billion. The Lugar bill would give \$43 billion to conservation. Even though he had the plan allocating most money to conservation, he was met with displeasure from Ken Cook of the EWG who stated: “If Harkin were a Republican, he’d be hammered” (Norman, “Some conservationists”). Cook also argued that although the Harkin bill was not what advocates had hoped, he could count on their support since many conservationists would be afraid of losing an ally.

The Bush administration kept calling for a delay of the farm bill to next year. This made Senator Tom Daschle and 23 other Democratic senators ask Secretary Veneman to meet with them to determine whether the White House would prevent passage of a 10-year \$171 billion measure (Becker, “Senators Offers Farm”). She declined their request, suggesting a bipartisan meeting including Harkin, Lugar, and ranking members of the Senate Agricultural Committee. Veneman argued that the problem was a lack of consensus over farm policy, not any roadblock put down by the White House.

The Democratic leadership was not happy with Veneman declining their offer, accusing the Administration to halt a farm bill that had to be produced in 2001. There were raising concerns, especially from a group of lawmakers from the Midwest and South, that the \$171 billion set aside in 2001 for a 10-year farm measure would disappear if Congress failed to pass a bill in December (Ibid.). The administration wanted a solid and good policy. Harkin said on November 2: “I believe my bill represents a change of policy in the right direction. It may not include everything on everyone’s wish list, but it is balanced” (Ibid.).

In early November the biggest general farm group, the American Farm Bureau Federation, came out claiming that American agriculture needed a farm bill in 2001 to stabilize the farm economy, satisfy lenders, and provide certainty for producers (Estrada). They argued that having the five-year farm bill in place would make it easier for farmers to secure financing and plan their crops and pressed for a fast passage of a farm bill in 2001. The Farm Bureau warned that if the farm bill was delayed, a similar emergency payments package to the \$5.5 billion already approved in 2001 would be necessary in 2002.

A survey released in the middle of November 2001 found that more people got food from private charities over the course of the year than participated in the federal

government food stamp programs (Becker, “Shift From Food”). The FAIR Act had dramatically scaled back the food stamp program. The survey had found that more than seven million people were served at emergency feeding sites in a given week, and more than 23 million people at some point in the course of a year obtained food from food pantries, food kitchens, and shelters (Ibid.). A similar survey had found that the number had been 21.4 million in 1997. During the same time period, 17.7 million people had used federal food stamps, a drop from the 21.9 million who had received food stamps in 1997, according to the USDA. The survey showed that the cuts in the FAIR Act had dramatically increased the number of people going to private soup kitchens.

The FAIR Act had cut the food stamp program by \$26 billion over six years. The House bill sponsored by Larry Combest wanted to increase spending by \$3.6 billion over ten years. Not surprisingly, the two proposals in the Senate would increase spending by \$6.2 billion or \$10 billion. The Senate composition made a large food stamp program a lucrative sweetener to gain support for a farm bill. Although the “eggplant caucus” pressed for higher spending on the program, it did not become a much debated issue since most legislators realized both the political and social need for increased spending.

Another concern raised in the Senate debates was the issue of a cap on individual subsidies. Harkin’s plan would limit an individual from receiving more than \$100,000 in direct farm subsidies each year. The House bill had no real limits. On November 16, the Senate Agriculture Committee approved an \$88 billion farm bill that placed no limits on subsidies. Democrats from the farm belt blocked any reduction of payments to grain and cotton farmers leading Republicans to complain that if the measure passed it would lead to overproduction. (Becker, “\$88 Billion Farm”).

Tom Harkin had to relinquish his cap to achieve passage of the bill. He claimed that they had produced a very broad and balanced farm bill (Ibid.). Richard Lugar complained that the bill was as bad if not worse than the House bill because of how the bill favored the wealthiest (Ibid.). Though defeated in committee, Lugar announced that he would offer his farm bill on the open floor of the Senate. With the passage of the Harkin bill, the alliance between House Republicans and Senate Democrats from the farm belt could celebrate their success in blocking reformers effort to change farm policy (Ibid.).

Everyone in Washington, the President as well as Congress, wants to appear to be good friends of farmers. But Republicans in the Senate, with the support of the White House, kept threatening a filibuster of the farm bill unless Democrats agreed to move on the president's economic stimulus package (Ibid.). They gambled that a failure of a farm bill in 2001 would hurt Democrats more than it would hurt Republicans in the upcoming election in 2002.

As time was running out, the debate was getting heated. White House press secretary Ari Fleischer said that the president thought it was odd that the Senate was abandoning all Americans and focusing only on one segment of America, even if that segment was as important as farmers (Ibid.). Farmers were getting worried that no legislation would be passed. This attitude was supported by the major farm groups and represented by many Democrats who kept accusing the Bush Administration and Republicans of selling out family farmers.

In early December the debate began on the Senate floor. A move by Republicans to block consideration of the bill was defeated by a vote of 73 to 26 (Brasher, "White House Critical"). Senate Majority Leader Tom Daschle, heavily involved in the farm bill, opened for several days of debate to hammer out differences and gain a majority. Democrats were tinkering with their legislation in hopes to build a majority that could defeat the Republican alternative favored by the Bush Administration. One of the measures was to move more money into conservation (Ibid.).

Pat Roberts of Kansas and Thad Cochran of Mississippi sponsored the Republican alternative on the Senate floor. It would give farmers money in fixed annual payments rather than crop subsidies. This measure was much like the scheme in the FAIR Act. It also allowed for subsidized saving accounts similar to those provided under Canada's farm assistance program (Brasher, "White House Critical"). But the main argument among many senators opposed to the farm bill was that after the 9/11 attacks the Congress had more serious issues at hand than debating a farm bill that would not expire before September 2002. Lugar complained that the only reason for passing a \$171 billion farm bill in 2001, when a country was fighting a war on terrorism and facing budget deficits, was to allow fellow lawmakers to position themselves as friends of the farmer in the 2002 election (Becker, "Senate Opens Debate").

On December 6, Larry Combest urged the Senate to pass the Harkin bill quickly to allow enough time for a compromise between the House and Senate bills to be worked out before the year's end. Senators opposed to the farm bill kept trying to prevent its passage. After a long debate on the floor, and two attempts at a motion of cloture, the third attempt to limit the debate only got 54 out of the 60 votes needed (Barton, "Farm bill in the freezer"). Accepting that limiting the debate would be necessary to pass it in time for a conference committee, Daschle announced that he was pulling the bill. This result disappointed the farm lobby and many farm-state lawmakers but was celebrated by opponents of the farm bill in both the House and the Senate. Blanche Lincoln, Democrat of Arkansas, stated: "For the life of me, I can't figure out why the Republicans don't want a bill. I think the president got to them" (Ibid.).

But all did not look grim to the supporters of a new farm bill. It remained possible that Congress could grant the money for the bill the next year. Congress would have to do so before a new budget resolution was passed. That would happen either in April or May. But the OMB projections were still looking bad, and that would influence the farm bill debate.

A lobbyist for the Farm Bureau also reacted with dismay: "[We have] a lot of farmers on the way to see their lenders ... Some are going to be forced out of business. They are going to have a hard time making cash flow" (Ibid.). One of the few Republicans arguing for a farm bill in 2001, Tim Hutchinson of Arkansas, commented that the Senate bill had become very partisan. Anne Keys of the EWG declared that there had to be some calculation among Republicans that not producing a farm bill in 2001 would hurt Democrats more than Republicans in the 2002 election (Ibid.). Lugar and other legislators opposing the Harkin and Combest bills were pleased to see them postponed, arguing that it would give people a lot more time to produce a good and sound farm bill. The farm bill debate in 2001 ended with no legislation. The debate was starting all over again in 2002.

4.8 Ideal Farm vs. Industrial Farm

The Senate resumed its session in late January. According to Richard Lugar, the boosters of the Daschle-Harkin farm bill, supported by almost the entire agriculture lobby, would

demand the bill's swift passage (Lugar). He offered an alternative bill that would give an alternative safety net. It would give each farmer a federal payment equaling six percent of total farm receipts. This would allow a farmer to pay a full premium for whole-farm insurance that would give assurance of 80 percent of an average income taken over a five-year period (Ibid.). Lugar argued that his plan would benefit more farmers, more family farms and be much less expensive than the Harkin bill.

The Harkin bill would add \$73.5 billion over 10 years on top of the \$98.5 billion that it would take to maintain the old programs. According to Lugar it would also distort food prices, frustrate innovation, confound American efforts to reduce protectionism abroad and gain new markets, and only benefit a selected few big farmers in a selected few farm states. Interestingly, Lugar argued that the reason why the farm bill was so big was that Congress could hinge on a few races in heavily subsidized agricultural regions, and that if not a lavish farm bill was produced, they would risk being labeled the 'anti-farm party' and "targeted with sentimental imagery associated with farm failures" (Lugar). He ends his article in *the New York Times* by stating: "We can bring vitality back to rural America without perpetuating the spiral of counterproductive subsidies" (Ibid.).

The Daschle-Harkin bill came under attack from many directions. In a *Washington Post* article, George Will dubbed the farm bill an "assault on fiscal integrity" and criticized Tom Daschle for his efforts to address the recession in rural America. Many supporters of the Daschle-Harkin bill rose to its defense. Leland Swenson, President of the National Farmers Union, countered the criticism from the *Washington Post* arguing that "Sen. Daschle ha[d] been a champion of family farmers and ranchers throughout his career" and that his efforts "in the Senate to pass a farm bill before the holiday recess last fall should be commended, not condemned" (Swenson). In the Senate, the Agricultural Committee started debate over spending caps on individual farm subsidies.

Tim Johnson, Democrat of South Dakota, said that it was "truly an astonishing debate when [legislators were] told that limiting subsidies to \$275,000 should be regarded as pulling the rug out from under farmers" (Becker, "Senate Votes to Cap"). Southern senators, led by Blanche Lambert Lincoln from Arkansas, argued that big

farmers had greater expenses and should therefore receive larger payments. According to the EWG, the South benefited most from large subsidies. The big support for a cap on subsidies made Lincoln ask how big a farm should be to get the Senate's approval (Ibid.).

The amendment demanding a cap on individual subsidies was written by Senator Byron L. Dorgan, Democrat of North Dakota, and Senator Charles E. Grassley, Republican of Iowa. Grassley responded to Lincoln by asking where it would stop if Congress did not put a cap on individual subsidies (Ibid.). Their amendment would save \$1.3 billion, which would go to food stamps and agricultural research. The fact that the extra money would go to food stamps was an extra incentive for non-rural legislators to vote for the amendment.

On February 8, the Senate voted to put a spending cap on subsidies at \$275,000 by a vote of 31 to 66. This spurred a harsh reaction from Senators from the districts gaining the most from subsidies. Tim Hutchinson, Republican of Arkansas, said that it was nothing less than war on Southern farmers (Becker, "Senate Votes to Cap"). Although most Southern senators were displeased, many applauded the measure as a victory for family farmers and as one of the most significant changes in agricultural policy in 25 years.

Tom Harkin asserted after the vote that they had achieved a real victory (Ibid.). The House bill had no cap on subsidies, but would keep the old limit of \$550,000 a year for individual subsidies. Although pleased with a cap, Senator Lugar argued that it was a very modest amendment and that he had looked it up on the web site (the EWG) and found that only five farmers in Indiana would be affected by the limit (Ibid.).

A week later the Daschle-Harkin bill was up for the vote in the Senate. The bill passed by 58 to 40 with nine Republicans joining the Democrat majority. Some Democrats, mostly from the South, broke ranks. The bill would put \$22 billion into conservation programs, doubling the spending. It would also yield a \$275,000 subsidy cap to individual farmers. In total it would be a five-year \$44.9 billion bill that would also double spending on food stamps, ensuring that the USDA's nutrition program was the second-largest federal program combating poverty (Becker, "Senate Passes \$44.9").

The Senate bill was met with enthusiasm from environmental groups, farm groups, and advocates for the poor. A *New York Times* editorial argued that the "Senate

bill's most enthusiastic supporters call it the most important environmental measure since the Clean Water Act of 1972. That might be a slight exaggeration, but not by much. For its conservation virtues alone, the Senate version deserves to prevail" ("The Senate's Useful"). But not everyone was happy.

Lugar did not vote for the bill, arguing that it did not go far enough to change agricultural policy. He was backed by the President. Bush argued that the bill would yield high spending the first five years, but leaving programs under-funded in the years to follow. (Becker, "Senate Passes \$44.9"). Fiscal conservatives argued that it was too expensive and that it was nothing but corporate welfare (Ibid.). But the bill had won passage in the Senate, and now a long and difficult conference committee reconciling the House and Senate bills was set to start.

4.9 The Conference Committee

The House appointed Republicans Larry Combest (Texas), John Andrew Boehner (Ohio), Robert William Goodlatte (Virginia), Richard William Pombo (California), Terry Everett (Alabama), Frank Lucas (Oklahoma), Saxby Chambliss (Georgia), Jerry Moran (Kansas), and Democrats Charles Stenholm (Texas), Gary Adrian Condit (California), Collin Clark Peterson (Minnesota), Calvin M. Dooley (California), Eva M. Clayton (North Carolina), and Tim Holden (Pennsylvania) to the Conference Committee. The Senate appointed Democrats Tom Harkin (Iowa), Patrick Leahy (Vermont), Gaylord Kent Conrad (North Dakota), Thomas Andrew Daschle (South Dakota), and Republicans Richard Green Lugar (Indiana), Jesse Helms (North Carolina), and William Thad Cochran (Mississippi) (THOMAS, "H.R. 2646"). The Committee was almost exclusively made up by legislators from states that benefited greatly from traditional commodity subsidies, and had few representatives championing conservation and food stamps. It also had a large group of Southern legislators that were particularly against a cap on individual subsidies.

The Committees first goal was to agree on spending. In mid-March they settled on a tentative agreement that would leave \$46 billion for commodities over 10 years, but would cut money for conservation. Harkin announced that he had worked to include more funding for conservation programs in the Senate bill, and that he still felt the conservation

agreement was something that the conference committee could work with (Norman, “Panel OKs”). In all, the \$73.5 billion was divided up by setting off \$6.4 billion for food stamp and nutrition programs, \$3.3 billion for programs such as rural development, trade and research, and \$46 billion for commodities (Ibid.).

Having settled how to divide the money, the Conference Committee moved on to more challenging issues. The House had opened a debate on whether to give support to the Senate \$275,000 limit to individual farmers or not. The effect of the EWG web page on the Senate debate was evident in the House. In a nonbinding vote by 265 to 158 the House gave the conference committee a strong message to keep the Senate limit on individual subsidies. The measure was sponsored by 20 groups including Taxpayers for Common Sense, the Environmental Working Group, the Sierra Club, and the Sustainable Agriculture Coalition. But the conference committee ignored the measure (Becker, “House Backs Plan”). Instead it offered a compromise with bigger spending on food stamps and a new dairy program.

After nearly a month of negotiations, the conference committee said on April 26 that it was close to a final agreement on a six-year farm bill. Although it did not give any details, it looked like the Senate had lost its battle for a \$275,000 limit per farmer. On April 27 the House and Senate agreed on a farm bill numbering almost 700 pages.

Combest said after the agreement that the winners in the bill were the American farmers (Becker, “Accord Reached”). The final outcome of the subsidy cap was a compromise that would limit payments to \$360,000, but with enough exceptions to make it a symbolic compromise, important for the Senate conferees. Tom Harkin said that it was not a meaningless payment limit (Ibid.). However, conservationists were angry at the result. Ken Cook of the EWG asked why they even bothered doing a Senate bill, but concluded that the issues of payment limits and fairness and better conservation programs would not go away (Ibid.).

The Bush administration was pleased with the increased spending on food stamps and the measure to reinstate food stamps for legal immigrants. Although the Administration had pressed for a delay, it had not been very vocal throughout the debate, especially since it became clear at an early stage that legislators would not support any effort to reduce spending on the farm bill.

In an article in *the Washington Post*, Rep. John Boehner, Republican of Ohio, and Rep. Cal Dooley, Democrat of California, voiced their strong opposition to the final bill. They had both been on the conference committee. They argued that the 1996 FAIR Act was together with the welfare reform in 1996 the most important reform in the 1990s. The FAIR Act had detached farm subsidies from production, but the 2002 farm bill would again base subsidies on production. This would mean a total alternation of the 1996 farm bill. Boehner and Dooley argued that with the passage of the 2002 farm bill the most likely scenario was that in two years they would be overwhelmed by surplus agricultural production, low commodity prices, and excessive government payments (Boehner). But alternatively they could send the bill back to the Conference Committee to be redrafted after the November midterm elections when the political environment was less volatile (Ibid.). In the meantime Congress could pass emergency payments. Ron Kind, Democrat of Wisconsin, offered a motion on the House floor to send it back to the Conference Committee. In an editorial this measure was given support by the *New York Times*. It failed by a vote of 251 to 172 (“House Passes the Farm”).

On May 3 the House approved the compromise by a large margin of 280 to 141. President Bush said he would sign it as soon as it was passed by the Senate (Becker, “House Passes”). On May 9 the Senate passed the compromise by a vote of 64 to 35. 43 Democrats, 20 Republicans and 1 independent voted for the bill. Seven Democrats and 28 Republicans were opposed (Clymer). Although met with opposition, the conference bill had won large majorities in both the House and the Senate. After more than one year of debate, and almost one month of conference committee negotiations, on May 13, President Bush signed the Farm Security and Rural Investment Act of 2002. After signing the bill he announced: “It’s not a perfect bill. I know that. But you know, no bill ever is” (Allen). Many members of Congress felt the same.

The Farm Security and Rural Investment Act of 2002, also known as the 2002 farm bill, was estimated to cost \$190 billion over 10 years, increasing the programs already in place by at least \$83 billion. The legislation would be renewed after six years, in 2008. The subsidy cap to individual farmers was set at \$360,000, down from the ceiling of \$460,000, but with enough loopholes that many could receive higher payments. It also provided higher commodity support prices, more spending on food stamps, and

made food stamps available for legal immigrants. It provided new subsidies to New England's dairy farmers and new subsidies to peanut farmers, who would receive \$4 billion in direct checks (Allen).

A new important commodity program was implemented consisting of a three-piece safety net. First, the farm bill would continue the current marketing loan program with increased loan rates for all crops except soybeans. Second, the farm bill would continue the direct payments for income support, not tied to production. Third, a counter-cyclical payment was re-instated giving farmer payments when the effective price for a covered commodity fell below the set target price. Farmers would also be able to update their base acreage using 1998-2001 planting records (Grassley). This would again tie production to payments like pre-1996 policies. If world prices were higher than the target price, farmers would receive no payments.

The final bill included ten titles: Conservation, Trade, Nutrition Programs, Credit, Rural Development, Research and Related Matters, Forestry, Energy, and Miscellaneous (USDA, "The 2002 Farm Bill"). The 2002 farm bill was the first farm bill to contain a separate title concerning energy.

It would be wrong to call the FAIR Act a full reform of farm policy since it did not fully succeed in ending farm subsidies, although it went as far as any farm legislation has done. Payments from the 1996 farm bill were still high, even without emergency payments. The big difference was that most of the payments in the 1996 legislation were decoupled, fixed payments, aiming at completely weaning farmers of any federal payments scheme. The 2002 farm bill continued some of these decoupled payments in some programs, but also established target price programs to provide farmers with a safety net. This, together with the much higher spending, was a reversal of the FAIR Act. The thought behind the Farm Security and Rural Investment Act of 2002 was not to reform agricultural policy, or end subsidies, but to reinstate traditional programs to provide farmers with a needed federal safety net. The result was a farm bill that would take agriculture away from a free-market reform-driven policy to the more traditional way of supporting farmers, even though some of the free-market programs were continued. Traditionalists in Congress had won against those seeking to continue the free-market direction that the FAIR Act had started.

Explaining the Politics of the 2002 Farm Bill

Chapter five offered key events leading up to the passing of the Farm Security and Rural Investment Act of 2002. This chapter will analyze why the 2002 farm bill changed farm policy away from the free-market direction of the 1996 farm bill to more traditional price support legislation.

In their chapter about the uncertain future of farm policy, Orden et al. argue that reform advocates who “hope to consolidate and extend the market-liberalizing gains or budget certainty sought by the FAIR Act in 1996 will face a formidable challenge when the next farm bill is written” (Orden 197). They were right in their predictions. The following chapter identifies seven factors that can help explain the outcome of the 2002 farm bill: (1) Interest groups, (2) logrolling, (3) party control of Congress, (4) the 2002 election, (5) international trade agreements, (6) commodity prices, and (7) previous agricultural legislation.

5.1 Interest Groups in Agriculture

Interest groups have gone through different stages of evolution as analyzed in chapter three. The current stage has witnessed an accommodation of more participants and introduction of more provisions in farm policy. Lately farm policy has attracted an increasing interest from urban legislators who are interested in conservation programs. Previously it was common for urban legislators not to take an active part in forming farm policy, and when they did it was to ensure a good food stamps program. The proliferation and accommodation of interest groups interested in farm policy, together with more provisions in farm policy, have resulted in an array of groups involved in the policy-making process.

In their book *Plowshares & Pork Barrels* E. C. Pasour Jr., and Randal R. Rucker identify at least six interest groups that are heavily involved in determining the agenda for agricultural legislation. (1) The research and education movement that dates back to the pre-New Deal era. The USDA and States instituted extension services that operate in

every state associated with the land-grant colleges. This is “important in maintaining support for the continuation and increase of government research, education and extension efforts in agriculture” (55). (2) Certain groups support the “income-support, price-support, production-control, and other farm programs inherited from the New Deal era” (55). Included in these groups are e.g. the American Soybean Association, the American Farm Bureau and others. (3) A big group is the agribusiness groups, including farm supply and marketing cooperatives. (4) The network that is made up of the Farm Service Agency (FSA), the Natural Resources Conservation Service, and Rural Development offices that administer the farm programs. (5) A fifth group consists of individuals that are interested in food stamps, environmental issues, and other consumer issues. Don Paarlberg named this the *new agenda* to indicate this new influence of small farmers, racial minorities, the poor, farm workers, etc. (6) The last group are the consumer groups “and other groups that some might argue represent the public at large” (56). This group recognizes that most of the farm subsidies benefit only producer groups and not the family farm. The Environmental Working Group became an effective but not completely successful tool for this group in 2002. Over time the impact of the Environmental Working Group web page and its agenda might have a more substantial influence on farm policy. Put together these six groups are all involved and contribute to current farm policy-making. But how do interest groups involved in agricultural policy manage to gain such strong political clout?

In his book *Gaining Access: Congress and the Farm Lobby 1919-1981*, John Mark Hansen argues that by consulting with policy advocates from their districts, lawmakers decide their policy stands that will bolster or impede their prospects for reelection. The policy advocates provide legislators with electoral intelligence and supportive propaganda, earning support from the legislator. In congressional hearings different commodity interest groups testify providing essential information to legislators in their decision-making. Since farm policy is so complex members of a committee cannot gain full oversight and must rely on information passed on by farm groups. Hansen argues that the power over information is one of the main reasons why farm interest groups have such a central place in farm legislation.

Hansen also claims that only farm groups that sustain their competitive advantage will be given the opportunity to build consulting relationships with legislators. For example, the consumer lobby in the 1970s only had competitive advantage as long as food prices were high, and as soon as food prices started to fall in the late 1970s, the consumer lobby lost their access because their issue failed to re-occur. The new conservation lobby is gaining access because its cause is tied to the ever continuing issue of commodity prices. Conservationists argue that over-production of crops produces low commodity prices. The problem with over-production can be solved by setting off land that is being cultivated into conservation programs.

A dominant explanation to why such a small group of farmers manage to have such huge political clout is based on public-choice theory. Public-choice theory involves the application and extension of economic models to political choices. This economic theory of politics emphasizes the action and choices of individual decision makers. For example, farm legislation is the sum of individual choices and not a collective decision. Groups do “not live, cannot choose, and are unable to act apart from the lives, choices, and actions of the individual members who make them up” (Pasour 37). Each individual is assumed to be purposeful and acting out of self-interest.

Many public choice theorists argue that farm organizations are still powerful, despite their declining memberships. They argue that political power comes primarily from organizations, and that the declining number of farmers can even make it easier for these groups to maintain their power because they do not become fragmented and weak, but focused and strong (Orden 226). A negative demographical development does not necessarily mean less influence. Economic benefits for a small group can be achieved through political action at a relatively low cost. This creates an economic incentive to use the political process to obtain wealth transfers (Pasour 57).

The American Farm Bureau Federation argued for the passing of a farm bill in 2001. After Republican Senators blocked the 2001 farm bill the Farm Bureau argued that farmers would as a consequence run out of business. The National Farmers Union went out in support of Senator Daschle’s efforts to pass the bill in 2001. Through local offices, congressional hearings, and the media the farm lobby contributed to establish a sense among legislators that there was an acute crisis in rural America. This was reflected in the

committee debates where many legislators shared the concern. In 2002 many House and Senate legislators seeking re-election in rural districts and states had to be on the friendly side of their respective commodity interest groups. The mood the farm groups had created had an impact on Congress and motivated many legislators to rewrite farm legislation in 2001.

Groups lobbying for conservation consisted of a wide range of interests from the Sierra Club to the National Rifle Association. Their attempt to introduce a larger conservation amendment in the Farm Security Act was brushed aside by the agricultural committee leadership in the House. The Boehlert amendment that included a substantial conservation program was attacked by the committee leadership and defeated. Conservation groups had more success in the Senate where the “eggplant caucus” supported their views. The Senate bill had a much larger conservation program than the House bill, although much of it was taken away in the conference committee. But the conservation lobby managed to put conservation on the agenda and achieved a larger conservation program than ever before.

Pasour and Rucker correctly points out that most of the interest groups represent growers of sugar, tobacco, peanut, cotton, and wheat and feed grain, not fruit, vegetables, poultry, and livestock. The fruit, vegetables, poultry, and livestock group have not been so dominant in farm lobbying compared with other commodity groups. But their presence was noticeable in the 2002 farm bill where livestock interests managed to persuade Senator Harkin to include an amendment to prohibit meat packing companies from owning their own livestock. Dairy interests lobbied successfully to include new subsidies to New England’s dairy farmers. Public choice theory has to a large extent been successful in explaining why small groups of agriculture are able to use the political process to increase their own wealth, but has been less successful in explaining why a sizable proportion of U.S. farmers have made little or no success in restricting competition through political action (58). But some alternative explanations have been offered.

Bruce Gardner has found that producer groups with high costs of generating political influence receive less support, and that an increase in the social cost of transferring income to producer groups reduces government support (Pasouor 58).

Poultry and livestock farmers are from areas with many urban legislators in the East. Many fruit and vegetable farmers are from areas in the West and South where the old commodity groups are dominant. Their efforts to gain political influence are therefore much stronger than that of cotton interests in the South or grain interests in the Midwest. Since these groups have had low influence historically, they are more vulnerable to attacks from people who argue that the federal government should not subsidize producers. Those commodity interests who have subsidies already in place can more easily maintain them.

Proliferation of interest groups has produced an array of organizations with an interest in keeping farm bills the way they are (Orden 226). Interest theorists argue that farm policy is the lifeblood of farm organizations. Without it they will cease to exist, so it is in their self-interest to keep it alive and maintain the status quo. The USDA is important for the continuation of farm programs. Decision-makers in the USDA will seek to expand the agency because power and money is often closely correlated with agency size. This is also true for the congressional agricultural committees. Legislators from farm states tend to dominate the committees. The chairman is most often from a big farm state. These legislators tend to support government programs because they represent districts where the commodity is affected. A larger farm program would increase their power in Washington and secure re-election.

Orden et al. claims that reform advocates have for years hoped for a policy change based upon a long, slow erosion of farmers' political influence in Washington and that "reform advocates had in the past consistently overrated the influence of this demographic factor" (189). There is little evidence in the 2002 farm bill to indicate any weakened farm lobby despite a persistent negative demographic development. The farm bill proposed by Lugar did not gain any substantial support, nor did any other bills that contained a free-market approach. The Farm Security Act did not come from urban-based farm program critics, but out of the House Agricultural Committee, heavily influenced by the farm lobby. In the conference committee farm interest won head-on against urban interests. The result was a huge increase in spending and new commodity subsidies.

Although the commodity lobby lost the 2001 farm bill battle, they successfully lobbied for a bigger and more lucrative farm bill in 2002. Despite a declining number of

farmers the farm lobby is still strong. Environmental groups managed to put conservation on the agenda, and the producer groups had some success proving that although producer groups have high costs of generating political influence, they can receive enough support to win through with their agenda.

5.2 Logrolling

According to Pasour and Rucker there exists a systematic bias toward expansion of the role of government in agriculture. The interplay between interest groups, the USDA, and the legislative committees in Congress tends to advance the interests of narrowly focused groups at the expense of the public at large. The result has been a dramatic increase both in the growth of government and in government spending (Pasour 69). Without the maintenance of a federal farm program the USDA and the agricultural committees in Congress would lose their significance. The incentive to keep farm programs in place thus become vital not just to the people legislators represent but also to legislators. In addition the structures of Congress make it easy for a committee to pass spending bills without much fiscal accountability. The 2002 farm bill was passed despite signs of a dwindling budget surplus.

The problem with collective action makes budget discipline without any constitutional amendment difficult to achieve. The powerful agricultural committees in Congress are mainly occupied by legislators from rural districts. The incentives for legislators to pass lucrative farm bills are stronger than the cost of not doing so. It would pay more in the form of re-election for a legislator from a rural district to help pass a big farm bill than going against a farm bill hoping that his constituency would appreciate his fiscal responsibility. This is especially true for Democrats. The full House of Representatives and one-third of the Senate were up for election in 2002. Legislators from rural districts in need of support from farm interests would have had an extra incentive to gain extra subsidies to their respective commodities in their districts. Since everyone wanted their share few were worried about fiscal responsibility.

Incorporation of many new elements in the farm bill and more coalitions between farm and non-farm sectors have increased the power of farm organizations because the result often produces more logrolling in Congress. Theorists who stress policy feedback

point to the resilience of farm organization and farm legislation. It is easier to preserve legislation than to create or end legislation in Washington. Farm policies that started with the New Deal have tended to perpetuate themselves, by giving farm organizations new resources, new incentives to engage in lobbying, and an easier lobbying task (Orden 227).

The budget reforms in the 1960s combined with the introduction of food stamps and other nutrition programs have led to a situation where rural legislators trade votes with urban legislators. In the 2002 farm bill House Democrats from farm states joined forces with Republicans from farm states in the House Committee to draft a lucrative farm bill. The Senate consists of more urban legislators and was more skeptical of commodity subsidies and wanted more money to go to the poor and conservation programs.

The Senate had passed an amendment with a cap on individual payments. In the conference committee Eastern senators were offered subsidies to new dairy and peanut programs and more spending on food stamps. This was enough to please many urban senators and the cap on subsidies was watered down to a merely symbolic cap.

5.3 Party Control of Congress

Many legislators in key positions in the 107th Congress were from rural states. Speaker in the House of Representatives was Dennis Hastert, Republican from Illinois. The district he represented collected \$554 million in subsidies from 1996 to 2000, according to the Environmental Working Group (Groppe, “falling in number”). The House majority leader was Richard Keith Armey, Republican from Texas. According to the EWG webpage Texas was the state receiving most subsidies in the time period between 1995 and 2003 (EWG, “subsidies by state”). The majority whip Tom DeLay was also a Republican from Texas. Senator Tom Daschle of South Dakota was the majority leader, and also served on the Senate Committee on Agriculture, Nutrition and Forestry. Kent Conrad of North Dakota chaired the Senate Budget Committee. Senator Robert C. Byrd from West Virginia was the chairman of the Senate Appropriations Committee.

The House Committee on Agriculture was chaired by Republican Larry Combest of Texas. It had 27 Republican members and 21 Democratic members. The Democratic ranking minority member was Charles W. Stenholm of Texas. The Senate Committee on

Agriculture, Nutrition, and Forestry consisted of 10 Republicans and 10 Democrats and was chaired by Tom Harkin, Democrat of Iowa. Richard Lugar, Republican of Indiana, was the ranking minority member. According to the EWG web page Iowa was the second biggest receiver of farm subsidies from 1995 to 2003 (EWG, “Subsidies by State”).

The makeup of the 107th congress made former Agricultural Secretary Dan Glickman comment: “Some of the most effective leaders in Congress are people involved in agricultural issues” (Groppe, “falling in number”). One traditional explanation to the outcome of farm policy was that the seniority system in the Senate gave a lot of power to Southern agriculturalists who supported commodity programs. Although the seniority system has been radically modified, it still matters greatly who is the chair. In 2002 farm interests were in powerful positions not only in the Senate but also in the House of Representatives.

Many policy analysts had neglected the influence of party control prior to the 1996 farm bill. Orden et al. write that Browne (1988) acknowledges an early history of party influence in U.S. farm policy debates, but concludes that “the influence of party within the Agricultural Committees of Congress had long since been replaced by the influence of bipartisan coalition building” (175). The Republican Party has historically been a proponent of a free-market policy, and the Democratic Party of high price supports. But since the Democratic Party controlled the House of Representatives from January 1955 to December 1994, the importance of party control was neglected for that period. Orden et al. show how important party control was for the passing of the 1996 FAIR Act in *Policy Reform in American Agriculture: Analyses and Prognosis*. They conclude that with a Democratic majority in both houses the bill would never have passed.

Congress was split after the 2000 election. The time period of the making of the 2002 farm bill is between early 2001 and May 2002 when the bill was written into law. In January 2001 the Republican Party had 221 representatives in the House and the Democratic Party 211. In 2001 the Senate was split 50-50. But during the summer of 2001 James Jeffords switched sides from the Republican to the Democratic caucus. It was not until after the 2002 farm bill was signed that the Republican Party again gained a majority in the Senate in late 2002. During the farm bill debate the Republican Party had

a small majority in the House and the Democratic Party a marginal majority in the Senate.

In the course of the 1996 farm bill debate the Republican Party and the Conservative Right made considerable efforts to create a special partisan atmosphere where party unity was especially important. By late 2001 this partisan atmosphere had given way for more bipartisanship. Democrats had taken electoral gains and the “Contract with America” had in many ways failed. The agricultural committees in Congress are known to be among the most bipartisan committees, and were therefore more inclined to resist the hostile partisan climate. The terrorist attacks on New York and the Pentagon in September 2001 brought legislators from both aisles together and contributed to a less partisan atmosphere at the time of the farm bill debate.

Senator Trent Lott complained that the Senate bill in 2002 was the most partisan bill in memory. But the voting record showed that it was more geography than party unity that determined the vote. Western senators voted against it because of restrictions on water and packing houses. Southern senators voted against it because of the subsidy cap (Becker, “Senate Passes”). The two Republicans from Maine broke ranks to vote for the increased conservation measures. Tom Harkin’s colleague from Iowa, Republican Charles E. Grassley, voted with the Democrats in support of the limits on subsidies and an amendment to prohibit meat packing companies from owning their own livestock (Ibid.). One reason for its passage was that the eggplant caucus, including among others Charles E. Schumer and Hillary Clinton, both of New York, supported it. This was the first time many of the non-rural senators had taken a real interest in farm policy.

There are at least two sets of factors that can be used to determine that a change in legislative outcome is produced by a shift in party control of Congress. One is that party control has a noticeable role in policy. Party control is more than just voting majorities. It is important because of the powerful authority that majority leaders possess. In 1996 the Republican Party had control of both the Senate and the House. This gave them a powerful agenda-setting authority. The FAIR Act was drafted by the Republican chairman of the House Agricultural committee. In 2002 things were very different. Senator Harkin was the chair of the Senate Agriculture Committee and the principal author of the Senate bill, and co-sponsor Daschle the majority leader. The farm bill that

came out of the House Agriculture Committee was co-sponsored by Stenholm from Texas. That the House Agricultural Committee was so heavily influenced by legislators of both parties from Texas was important since it contributed to providing a bigger support for traditional commodity legislation.

The second factor is that rank-and-file party members in Congress must first comply with the policies expressed by their party leaders. In 1996 Republicans were strongly united behind the party leadership, voting in lockstep with one another and with the leadership over 90 percent of the time (Orden 177). The 2002 House bill sent to the conference committee was passed by 151 to 58 by the Republicans and 139 to 61 by the Democrats. The conference bill was passed by 141 to 73 by the Republicans and 137 to 68 by the Democrats. It was passed by a total of 280 to 141 votes (THOMAS, "H.R. 2646").

It is clear that the strong unity behind the party leadership in 1996 was gone in 2002 both in the Republican and the Democratic Party. The voting records indicate a geographical split between rural and non-rural legislators. The Senate farm bill sent to the conference committee was passed by 58 to 40, with 2 not voting. Only two Democrats voted against the bill, Lincoln of Arizona and Corzine of New Jersey. Although the Senate farm bill vote in 2001 showed signs of Democrats voting in party unity, there is little evidence that there was any strong party unity or disciplined voting along party lines in the 2002 conference bill. It was passed by 64 to 35 with one not voting. This time seven Democrats voted against the bill (THOMAS, "H.R. 2646").

Arguments can be made that party does not matter any longer in farm policy. Orden et al. argue that inside the agriculture committees in Congress, whenever narrow commodity issues are at stake, "party differences tend to be trumped by regional loyalties" (177). Members of the committees will more often be representatives of the commodity from their district than party. They use as an example the shift of the once Democratic solid South to where the Deep South is now solidly Republican and argue that the House and Senate agricultural committees "endorsement for highly protective policies for southern commodities has scarcely been altered by this shift in party alliance" (Ibid.).

Orden et al. claims that party control is important when the vote is brought to the floor. In 1996 Republicans showed a clear willingness to be loyal to the party when voting on the floor. Only Democratic senators showed any signs of strong party unity when voting on the bill sent to the conference committee. But despite this, party control still matters in farm policy. A shift in the balance of power from the Democratic Party to the Republican Party in 1995 brought a significant movement in congressional preferences away from the traditional commodity programs to free-market policies. The shift of balance back to a less partisan and a split Congress after 2001 brought the preferences back to traditional commodity programs in the agriculture committees. This was especially important in the House Committee where many legislators from Texas and other states that were huge beneficiaries of commodity subsidies held key positions.

5.4 The 2002 Election

Richard A. Gephardt nailed the mood in Congress in 2001 regarding the election in 2002: “The way this is resolved will have a lot to do with the next election” (Alvarez). Many predicted that legislators in Congress from farm districts and states would be evaluated based on their handling of the farm bill. In the Senate 20 Republicans and 14 Democrats were up for election in 2002. Four Republicans retired leaving open seats. The election was to become far more influenced by the War on Terror and other issues than agricultural ones. But when the Senate Republicans managed to stop a farm bill in 2001, many speculated that the Republican leadership had orchestrated it because they calculated that it would be more damaging to the Democrats not to pass a farm bill in 2001 than to the Republicans.

For the final outcome of the farm bill it was important that legislators with an interest in being a good friend of the farmer sought to pass a lucrative farm bill prior to the 2002 midterm election. During the Senate debate Richard Lugar complained that the reason why the farm bill was so lavish was because Congress could hinge on a few races in heavily subsidized agricultural regions in the upcoming mid-term election. If legislators did not manage to produce a big and sound farm bill they would risk being labeled the ‘anti-farm candidate’. It intensified the collective action problem and contributed to silence those seeking moderation on spending.

5.5 Trade Agreements, Commodity Prices, and Previous Legislation

The issue of trade agreements did not seem to have any significant influence on the passing of the 2002 farm bill. Agriculture Secretary Ann M. Veneman told the World Trade Organization in June 2001 that American farm subsidies in the years 1998 and 1999 were ‘trade distorting’ (Becker, “Harkin and Lugar”). Larry Combest complained that it was the same as a unilateral disarmament that ceded ground and gained nothing in return (Ibid.). The attitude in the House Agricultural Committee was to write a good farm bill for American farmers without much concern about international agreements. In an amendment to the House bill the Agricultural Secretary was given authority to cut subsidies if they violated trade agreements. But the pressure of keeping the farm bill in line with international agreements came only from the White House. But the Bush administration had been put on the sidelines already at an early stage of the farm bill debate. International agreements were mostly ignored and did not have a big influence on the outcome of the 2002 farm bill.

Commodity prices were the factor that made the FAIR Act possible in 1996. The importance of commodity prices in the 2002 farm bill did not have such a direct effect as in 1996. There were two views on commodity prices in 2001 and 2002. On the positive side, the net worth of the nation’s farms was up 3.2 percent in the last five years (Becker, “Agriculture Secretary”). Free-traders like Richard Lugar used this fact in their arguments. Secretary Veneman reported that farm income would be at an all-time high of \$61 billion in 2001, and farmland would rise in value by 21 percent (Ibid.).

But most of this increase had gone to the big farms, not the family farm. The farm lobby supporting small farmers and its politicians in Congress gave voice to this concern in the farm bill debates. Family farmers were struggling while the big corporate farm businesses were doing well, but even they complained about the current conditions. The fact that the FAIR Act had started to provide less payments to farmers after prices fell in 1998 meant that many started to see the FAIR Act as a failure already then.

If the FAIR Act had succeeded and commodity prices had not fallen below market-price so that old programs would have been more beneficiary, the situation in 2001 could have been different. International markets contributed to the fall of

commodity prices. Because of this, the FAIR Act was labeled a failure, and agriculturalists started to paint a bleak future for American farms if nothing was done. Senator Conrad said in a hearing: “I’ve never seen such a sense of despair among farmers” (Becker, “Agriculture Secretary”). Other politicians agreed with him.

The failure of the 1996 farm bill was a significant factor in the shift away from the free-market policy of the FAIR Act to a more traditional policy in the 2002 farm bill. After the FAIR Act was written into law some speculated that it represented more than the clashing of two policy ideas, but that it in fact represented a victory for market-oriented policy ideas. Orden et al. uses Peter A. Hall’s theories of policy change. Hall argues that a “growing discrepancy between policy outcome and objectives can trigger either a first-order change (in policy instrument settings), a second-order change (in instruments), or a third-order change (in ideas, goals, and objectives)” (190). There have been several first and second-order changes, but no third-order change in agricultural policy. Orden et al. concludes that the FAIR Act was not a third-order change, but more the result of special political condition, party control, and market conditions. The fact that the 2002 farm bill changed agricultural policy away from the direction the 1996 farm bill had sought is evidence that the FAIR Act was not a third-order change but an arbitrary policy-outcome born out of special conditions during the 1996 farm bill debate.

The Agrarian Myth

A factor like the agrarian myth is left out of transaction costs analysis, public choice theory and structural analyses, and make them inadequate to completely understand the outcome of agriculture policy. Orden et al. conclude that both interests and institutions are critical to policy change in agriculture, and that the traditional explanations still were valid concerning the 1996 Freedom to Farm Act. But they also argue that “more elusive” is the arguments that farm organizations continue to exercise power over policy outcomes by promoting ideas (227). Chapter six will analyze how the agrarian myth has influenced agricultural policy.

Jan Wojcik summarizes the arguments used in farm policy in his book *The Arguments of Agriculture*. The free-market (or cheap food) policies argue: Forget sentimental, old-fashioned images of farming. Treat farmers as a prosperous industry. Withdraw all protective subsidies. Force inefficient farmers off the land and retrain marginal, uncompetitive farmers for other work. On the other hand, you have the protectionist (or good farm) policies that argue: Honor traditional farming values. Treat farming as a special industry. Measure short-term economic needs against long-term sustainability, protect farming environmentally and preserve rural culture. Protectionists (or traditionalists) often use the agrarian myth to argue that farming should be a special industry and thus deserves special treatment. Many free-market advocates (or reformers) seek to inform the public of the myth’s falsehood in order to reform farm policy. The agrarian myth is a vital part of farm policy. But what is the agrarian myth?

First of all, why are myths important in a society? Primary values are learned by human experience. These primary values are passed on from generation to generation and also extended to other members of society through social interaction. Primary values structure and disseminate “specific social values into long-lasting and patterned belief systems that establish a nation’s character and enhance its stability” (Bonnen and Browne 9). Ideas and myths form an understanding of collective values among its citizens. They

build a common platform on which political consensus can be achieved. No society could work without this common platform.

The agrarian myth has been central to American political history. Agricultural scholars have criticized this myth because of its lack of realism. Agriculturalists have communicated the simple image of the farmer. Selective belief systems “evolved and served to sustain segments of a geographically isolated and economically vulnerable society by developing unifying, utopian images of contemporary social issues and interests” (10). Agrarianism was central to the political momentum of populism at the turn of the 20th century. The agrarian myth still persists today even with a farm-based political majority long gone (Ibid.). According to Bonnen and Browne, it persists because most people have little if any experience and knowledge of agriculture and its economic issues, and because those in agriculture have enormous stakes in romanticizing its social role when seeking widespread support. That is why legislators in Congress spend time in hearings, when seeking support for their farm programs, telling tales about farm wives getting up in the early hours of the morning to provide milk to the youths of America.

Dictionary.com offers a definition of myth that is relevant for this thesis: An unproved or false collective belief that is used to justify a social institution. The agrarian myth is a collective belief. As we will see, historian Richard Hofstadter and other scholars dismiss the agrarian myth as nothing but a myth. Nevertheless, the agrarian myth is important and today it is used to justify federal subsidy programs to farmers.

The agrarian myth as manifested in America was created at the very beginning of the Republic by the elites of the time. It was especially influenced by Thomas Jefferson. The agrarian myth is a set of beliefs and values that see the farmer as the incarnation of the simple, honest, independent, pure, hard working, and happy democratic human being. The agrarian myth has since then developed and transcended into other areas of American life.

At the time of the first official census in 1790, more than 90 percent of the population were engaged in farming, or classified as rural. The early years of the United States was a time of an astounding increase of the population. From 1790 to 1801 the population increased with 35 percent to a total number of 5.3 million (Maier 284). Around 75 percent of the population lived in rural areas making their living as farmers in

1800. Only five percent lived in cities. The rest were living in towns and villages. The year Jefferson was elected president rural people outnumbered city people by more than 15 to 1 (374).

From its very beginning, America was rural and a country of farmers. Although demographics changed rapidly during the 19th century, agriculture was still a large occupation in America. With such a presence agriculture became a cornerstone in the foundations of the new nation.

6.1 The Colonial Period and Agrarian Roots

The first successful English colony in America was Jamestown, which was located on the Chesapeake Bay. It was established by the Virginia Company of London to be an agricultural commercial enterprise aimed at making profit in the new land. The colony produced cattle, hogs, tobacco, and other crops for domestic consumption and for export. The colonial period followed with the establishment of more successful colonies. Over the next hundred years the eastern seaboard and its close interior were settled as more people saw opportunities in the New World. The key element to both commerce and survival was agriculture.

Many of the free men who came to America brought with them institutional and social ideas from Europe. In America many found that some of these ideas, like the social contract theories of John Locke, could actually be realized. Democratic values like freedom, liberty, and equality became central tenets for many who saw European societies as belonging to the past. When the British Crown started to increasingly infringe on these values by imposing taxes without representation and introducing acts like the Proclamation of 1763, banning American settlements west of the Appalachian Mountains, many colonists were ready to revolt. The leaders of this revolt were mainly farmers. One of them in particular was to form the idealism of the “new world” in an agrarian image standing out against the industrial, corrupted, aristocratic Europe. His name was Thomas Jefferson.

Thomas Jefferson was a Virginian planter, inventor, philosopher and politician. He was the principal author of the Declaration of Independence and had a central part in the founding of the United States. He celebrated farmers for their centrality in a good

society, their political virtue, and their superior morality. In a letter to John Jay in 1785, Jefferson wrote: “Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous, and they are tied to their country and wedded to its liberty and interests by the most lasting bonds” (Browne 1990 7). For the elites at the time of the revolution the non-commercial, self-sufficient aspects of American farm life were an ideal.

In his book *The Age of Reform* Richard Hofstadter argues that “[w]riters like Thomas Jefferson and Hector St. Jean de Crèvecoeur admired the yeoman farmer ... for his honest industry, his independence, his frank spirit of equality, his ability to produce and enjoy a simple abundance” (23). Hofstadter identifies some of the component themes of the agrarian myth. The hero was the yeoman farmer who lived on a farm and was the incarnation of the simple, honest, independent, healthy, happy human being (24). One of the main pillars to support the agrarian ideology was the evident nature of farming. Without food human kind could not exist. Therefore all other occupations were inferior. Agriculture was pure, basic, and good. The farmer was the ideal man and the ideal citizen.

Farming represented a craft in which people fought against nature and used their bodies as tools. Living out in the wilds in natural surroundings and extracting nature’s gifts were aspects of farming that gave it a very positive psychical appeal. The idealization of the farmer was not just of the psychological appeal of working in the soil, but also moral. It was “the central source of civic virtue; it was not merely secular but religious, for God had made the land and called man to cultivate it” (Hofstadter 25). The imagery of the farmer also represented a stark contrast to the conception of the old world of nobility, greed, and artificial luxury. Living on a farm was associated with the natural and a traditional society. Cities, on the other hand, were bastions of greed, hunger, decay, classes, and aristocracy. This made the farmer “society’s hero” in the early decades of the United States (Danbom 66).

6.2 Origins of the Agrarian Myth

Hofstadter argues that the origin of the agrarian myth is found in literature. By the late 18th century, industry in Europe and especially England had come in full force. Many

authors reacted to this development and its consequences by writing of things dating back to the agrarian past. According to Hofstadter, this literature was “almost universally accepted in America during the last half of the eighteenth century” (25). The literature that became so influential was inspired by works dating back to Aristotle, Cato, Cicero, Virgil, and Horace. From the poetry and romantic literature came the agrarian myth and “such men as Jefferson and Crèvecoeur, Thomas Paine, Philip Freneau, Hugh Henry Brackenridge, and George Logan propagated the myth” (26).

Historian Henry Nash Smith writes that the “conventional praise of husbandry derived from Hesiod and Virgil by hundreds of poetic imitators, the theoretical teaching of the French Physiocrats that agriculture is the primary source of all wealth” and that “radical writers like Raynal [made] the farmer a republican symbol” (128-129). These ideals as interpreted by Americans like Jefferson were important. Those that wrote about modern developments in their native country in Europe reacted to events that were irreversible, and authors before them had written about their contemporary times as they were, times that could not be recreated.

But in the new world there was a chance of a new beginning. It made the agrarian romantic literature even more popular in America. As the agrarian ideology developed it became a key element in the progress of American history, influencing many aspects of American life. Agrarianism was coupled with the ideals of democracy, freedom, patriotism, nationalism, American identity, the frontier, the Protestant work ethic, and played a vital role in politics.

6.3 The Agrarian Myth in America

Thomas Jefferson and his followers saw the yeoman farmer as the ideal civic man. Benjamin Franklin said that agriculture was the “only honest way”, and even Alexander Hamilton conceded that “cultivation of the earth, as the primary and most certain source of national supply ... has intrinsically a strong claim to pre-eminence over every other kind of industry (Hofstadter 27, 28). In Europe most farmers did not own their own land. Locke had argued for land ownership. One of the main purposes of government was to protect this right. The property of working landholders had “a special claim to be fostered and protected by the state” (27).

The concept of farmers owning and working their own land also gave farmers a special dignity not present in Europe where most farmers worked on land owned by landlords. In a liberal democracy the independent farmer was the cornerstone, according to Jeffersonians. They essentially lifted the yeoman farmer to stand as an example of the quintessential American citizen. Jefferson and many of his contemporaries were themselves farmers. An educated farmer society with the ideal of the simple life on the farm was seen as perfect ground for a democracy to flourish. Cities, on the other hand, were the avenues of greed and moral decay. Power was abused in cities. Democracy could not flourish in such conditions.

In his book *Farming and Democracy* Alfred Griswold claims that there is a romantic appeal to the family farm as the symbol of the good life in America. It stands for democracy in its purest and most classic form. Writing in the mid-1940s, he concludes that “democracy is somehow ... bound up with the fate of the agricultural community whence it emerged and that both may be sinking in an industrialized, collectivistic wave of the future” (4). The idea of small farms as a fundament for democracy is something that can be dated back to Aristotle. Today politicians often draw upon the agrarian myth about rural America as a stronghold of the good life.

Agrarianism was something that made Americans stand apart from Europe, and something that helped bind the new fragile nation together. Danbom argues that the lifestyle of most American citizens made them “independent, virtuous, and patriotic” and that this enabled Americans to a “degree of immunity to the problems suffered by many republics” (68). The rural lifestyle of family farms that most Americans in the early Republic shared was one of the components in a common identity. The ideals of the agrarian myth were tied to democracy and as an extension of that to what was perceived as being American: an independent and free man that believed in the core values of democracy. Being a farmer was American. The American Revolution as interpreted by Jeffersonians was a fight by the pure farmers of America against the soldiers of the mighty industrial British Empire. The victory helped tie the agrarian myth to patriotic sentiments and republican idealism.

In their book *Inventing America* Maier et al. writes that “agriculture and expansion constituted the essence of Jefferson’s vision of the young republic” (287).

Jefferson believed that a way for America to have a competitive advantage over Europe was to expand its territory and keep settling new areas of land. Since expansion was one of the premises of the agrarian myth to Jefferson and his allies, policies of the new republic were aimed at expanding the territory of the United States. When Jefferson was elected president he executed the Louisiana Purchase, almost doubling the land area of the United States. In the late 19th century Frederick Jackson Turner presented his frontier thesis arguing that the frontier had made a huge impact on the nation's psyche. The unlimited access to land had produced a mindset of optimism and opportunity. The further the frontier reached, and the further people moved away from the coasts, the more they shredded themselves of European ways and became Americans.

Historian Henry Nash Smith writes about the connection between the West and agriculture in his book *Virgin Land*. He contend that from the "time of Franklin down to the end of the frontier period almost a century and a half later, the West had been a constant reminder of the importance of agriculture in American society". This reminder had "nourished an agrarian philosophy and an agrarian myth that purported to set forth the character and destinies of the nation" (259). Smith also maintains that the agrarian myth has had a strong influence on politics. The skepticism of industrialization and cities imbedded in the myth had impeded cooperation between farmers and factory workers in more than one crisis of American history (259).

The West and the agrarian myth has been a strong couple in American history. They reinforced each other since their foundations were so similar. One of the core character traits of the yeoman farmer was that he worked hard. This was also influenced by the Protestant work ethic.

Some of the earliest immigrants to America were the puritans who established themselves in New England. The Puritans "celebrated industriousness as a godly virtue, and understood work as a religions obligation" (Maier 69). They believed that God expected people to work hard. As a result the New England colony was much more productive than the Chesapeake colony. This work ethic has had a huge impact on America. People have from the very beginning believed that if they work hard enough they will succeed. If they do not succeed, it is because they are not dedicated enough. Bonnen and Browne argue that the agrarian myth "vested Jefferson's hardworking

yeoman with legendary superiority stemming from the prevailing Protestant ethic of hard work as a measure of moral worth” (12). Today supporters of farm programs use this in their arguments to remind people of the link between Jefferson’s hardworking yeoman and today’s farmers.

6.4 The Agrarian Myth: Reality vs. Fiction

Scholars have occupied themselves by trying to identify the romantic map of Jefferson’s ideals and apply them to the stark realities of American history. Even though Hofstadter dismissed the agrarian myth, he “recognized the powerful influence that the countryside had on [American] life” (Danbom Preface X). The sheer size of the literature on the topic should give us a good indication of the presence of the myth, not only in academia, but in society as a whole. Although much of the foundations of the agrarian myth are gone, its influence still persists in American life. It does not matter if its foundations are fictional as long as its influence is real.

In their article “Agrarianism in American Society” Michael G. Dalecki and C. Milton Coughenour claim that due to the lack of a national data base several issues concerning the agrarian myth have been matters of conjecture rather than proof (61). Their study indicates that public opinion among Americans generally supports the family farm, agrarian fundamentalism, yeomanship, and the naturalism of a farm life style. Belief in agrarian fundamentalism is associated with “progress, individualism, moral integrity, democracy, and being practical and efficient” (Ibid.). Agrarian fundamentalism is primarily associated with values that reflect American society as a whole. Today we can witness some of these positive connotations in how the agrarian past is romanticized in popular culture.

6.5 The Agrarian Myth in Popular Culture

David B. Danbom writes that it is “noteworthy that the hundreds of communitarian experiments that sprang up in the forty years before the Civil War were virtually all rural in nature” (68). These were by and large utopian experiments. Artists of the time like Asher B. Durand painted pictures “convey[ing] a sense of the beauty, peacefulness, and wholesomeness of rural life (Meier 374). These pictures have become very popular.

Another example of this tradition is Winslow Homer who captured the romanticized ideals of the Jeffersonian tradition. By the mid-1850s companies started to mass produce lithographs of agrarian pictures and “did much to romanticize the agrarian tradition after it ceased to be the primary influence on American life and politics” (374). The writings of Ralph Waldo Emerson and Henry David Thoreau on transcendentalism reflected its reverence for nature. As modernization grew and agriculture’s relevance dwindled the populist movement of the late 19th and early 20th centuries subscribed to the ideals of Jeffersonianism. The agrarian myth and the family farm were central to a score of painters, writers, and politicians throughout the 19th century.

The harsh struggles of farmers in the 19th and 20th centuries were incorporated as a central tenant of the agrarian myth. Most often it is portrayed as farmers fighting against foreclosure and consolidation driven by national and international forces outside the control of hard working farmers. The imagery of farmers as victims is often used by agrarian interest to build support to federal farm programs. In the *Grapes of Wrath* by John Steinbeck a farm family struggles during the Great Depression. The imagery of the farmer as a victim of money and industry is much like the imagery Jeffersonians drew in the early days of the United States. The success of the *Grapes of Wrath* is an indication of Americans’ love for the agrarian myth. Many children learn about the agrarian myth in their education and romanticize it through books and TV series.

6.6 The Agrarian Myth in Politics

Most of the participants at the Convention in Philadelphia were farmers, and although not all shared Jefferson’s ideals of the yeoman farmer, they all recognized agriculture to be central to the economy. The first president, George Washington, and all presidents from 1790 to 1877 were of rural origin (Renck 2). It became important for politicians to show that they in one way or the other had rural roots.

W. Burlie Brown has shown that the appeal of the yeoman as a symbol of honesty, integrity, democracy, and statesmanship is deeply rooted in America. He writes that from Andrew Jackson to Dwight D. Eisenhower the “voter has been assured that almost every major party candidate was a son of the soil” and that he was “called from the plow to save the state” (Renck 23).

When President Bush signed the 2002 farm bill, he did so wearing a cowboy hat. He said: “The farm bill will strengthen the farm economy over the long term. It helps farmer independence, and preserves the farm way of life for generations. It helps America’s farmers, and therefore it helps America” (USDA, “Farm Bill 2002”). It also helped President Bush that he looked like a farmer, and that he came across as a big supporter of the farm way of life.

In 1995 pollster Dick Morris told President Clinton that people wanted to see him hiking in the country rather than mingling with celebrities. It is important for presidents to have a connection with the countryside because by doing so they show that they embody the authentic American tradition of self-reliance, family values, and community spirit (Economist, “Heartbroken”). One of the key elements of President Bush’s victory in 2000 and 2004 was his ability to communicate this image to the American people.

Hofstadter points to the fact that the agrarian myth played a vital role in the first party battles. The people supporting Jefferson appealed “again and again to the moral primacy of the yeoman farmer in their attacks on the Federalists” (Hofstadter 28). During the campaigns the ideals of the agrarian myth were presented to the voters. Through political campaigns and art the agricultural myth became known to the common people and not just the educated elite. Strategically the significance of appealing to common people by playing on the myth became more and more important. Hofstadter argues that the myth had become national creed by the early 19th century, and “even the conservative party, the Whigs, took over the rhetorical appeal to the common man, and elected a President in good part on the strength of the fiction that he lived in a log cabin” (28-29).

With the proliferation of interest groups in Washington, politicians have accommodated new farm interest groups into the policy-decision making. Public choice theorists argue that the current political system leads to logrolling and a never-ending spiral of increased spending. The interests involved in maintaining the status quo, like the USDA, the Agriculture congressional committees and farm interest groups, make other politicians “very aware of the large transaction costs of making fundamental change” (Bonnen and Browne 23). But in addition to this, agrarian interests also pull around themselves the protective mantle of the agrarian myth.

According to Bonnen and Browne, the myth not only keeps agrarian interests in power by generating widespread public support, it “enhances power because agrarianism links farm groups together in jointly protecting their otherwise unrelated, narrow policy benefits” (23). This political accommodation ties the fate of non-farm policy goals to that of commodity legislation because these interests have a stake in passing farm bills and also preserving a lot of the agrarian myth. Public choice theory successfully explains the structures that give farm interests strong influence in farm policy, as analyzed in chapter five. The role of the agrarian myth is that of the non-structural cementing factor of the continued role of farm interests in agricultural policy-making by providing a protective cloak that farm interests can use when attacked.

6.7 The Agrarian Myth and the 2002 Farm Bill

It seems that the agrarian myth still has widespread appeal. The 2002 farm bill was a huge victory for traditionalists supporting farm programs. During debates legislators drew on the agrarian myth’s appeal of hard working farmers fighting against forces beyond their control. But the 2002 farm bill also gave warning signs. The myth is effective only as long as it is perceived as benefiting the family farmer and contributing to rural development. It can be argued that traditionalists will have a greater problem in portraying the current subsidy system as a system benefiting the family farm with the new influence of the Environmental Working Group web page and legislators taking up its cause. The effect of this in the long run can be an eroding support among the public at large as well as legislators in Washington. The effectiveness of using the agrarian myth as a rhetorical tool can diminish if agrarian interests no longer represent any of the ideals that the agrarian myth appeals to.

This did not happen in the 2002 farm bill. The traditionalists and the protective cloak of the agrarian myth held out against attacks from those seeking to reform farm policy and debunk the agrarian myth. The failure by free-market agrarians to come up with a new ideology and arguments tied to their economic interests that can seriously counter the agrarian myth used by traditionalist helps explain why the 2002 farm bill did much to change farm policy back to more traditional price-support programs.

Those seeking reform have not been successful in conveying to the people at large that current farm programs do not work as they should, and that the “public are held captives of the agrarian past through myths” (Browne, Skees et al. 1). They have been unsuccessful because going against the agrarian myth is going against American ideals. Those who have tried have been accused of not supporting rural America. Nationwide surveys show that Americans will support farm payments, but only if they help small family farms (Hassebrook, “Will Rural America”). A poll by CBS News in 1986 showed that in a year “when farm programs cost some \$26 billion, most respondents were willing to spend even more federal funds to alleviate whatever unfair circumstances farmers faced (Bonnen and Browne 12). As policy debates and public discussion over the 1986 and 1988 deficits intensified, “bipartisan public support for increased farm expenditures remained high” (12). There are few indications that public support for farm programs have decreased since then. Support for farm subsidies might erode if an increasingly perceived image of farm policy as only benefiting the big producers continues. This trend was not strong in 2002 and the agrarian myth proved to be an effective protective cloak for those seeking lucrative commodity programs.

CONCLUSION

During large parts of the 19th century farmers were only loosely organized and not too concerned about federal agricultural policies. In the 20th century farmers started to gain a common identity and organize themselves. Some of the issues on their agenda were land acts, economic policies, infrastructure, technology, and education on the local, state, and the federal level. After the Great Depression farm interests worked together and lobbied for federal agricultural programs that culminated in the passing of the Agricultural Adjustment Act of 1938. Since then, agricultural policies have evolved together with the changing dynamics of the political environment.

The first agricultural policies from the 1940s used traditional price support and supply control mechanisms. From the 1960s to the 1990s a slow but steady shift towards more direct payments and a free-market direction developed. In 1996 an attempt to completely wean farmers off federal programs successfully gained passage and if successful would have resulted in the 2002 farm bill being the last farm bill. This did not happen. So why did the 2002 farm bill increase farm subsidies and change agricultural policy away from the free-market direction of the 1996 FAIR Act? Some of the traditional factors explaining agricultural policy-outcome are still valid:

(1) Interest groups are still strong and influential. Farm interests successfully managed to convince a majority of legislators that the farmers in America were in trouble and needed help. In a favorable political environment in 2002 farm interests successfully lobbied large increases in traditional farm subsidies. Other lobbies, like the environmental lobby, managed to use the Environmental Working Group web page and new-found interests among non-rural legislators to provide more funding for conservation programs. Groups involved in farm policy, like the United States Department of Agriculture and its bureaucracy, farm groups, and the Agricultural committees in Congress all have huge stakes in maintaining federal farm programs. Without a farm program all would lose much of their significance.

(2) Structures in Congress leave ample room for logrolling. In agricultural policy an alliance between urban and rural interests have developed and is deeply entrenched in

the political system. Many legislators have an interest in passing lucrative farm bills and do so because few individual legislators can be held accountable for budget discipline.

(3) The agrarian myth persists strongly even today and influences farm policy decision-making. The agrarian myth enjoys wide support because it is tied to what it means to be an American. In debates on the 2002 farm bill politicians and interest groups used the emotional attachment many Americans feel to the 'family farm' to gather support for their legislative agenda. Free-traders steadily fail to sell their argument sufficiently effective to beat the traditionalists' arguments which rely on the agrarian myth, because going against the agrarian myth is going against American ideals. The agrarian myth proved to be an effective protective cloak in 2002.

Legislation is rarely created in an isolated bubble. It is influenced by past, current, and future events. Those events can be decisive to the final outcome. Five factors explaining policy-outcome were more specific to the 2002 farm bill:

(1) The 2002 mid-term election influenced the outcome of the 2002 farm bill. Republican Senators managed to stop a farm bill in 2001 because they calculated that Democrats would lose more than the Republicans would in terms of re-election. They believed that if Republicans showed fiscal responsibility and an effort to keep farm policy in a free-market direction, they would benefit more than the Democrats. If the farm bill had been passed in 2001, it would probably have contained more commodity subsidies and less spending on conservation and food stamps.

(2) Party control of Congress was also important in 2002, but not in the same way as in 1996. Republicans were voting in unison and with party discipline in 1996. In 2002 the vote was less disciplined, less partisan, and more geographically split. But it was important that Democrats, who historically have supported high price supports and federal subsidies, were in a much stronger position in 2002 than in 1996. The fact that the Democratic Party controlled the Senate and only had a small minority in the House meant that there was a much stronger resistance to the free-market policy idea. That the special partisan atmosphere that had existed in 1996 had somewhat faded by 2002 was also vital. Many of the politicians in key positions were heavily involved in farm policy. The chairman of the House Agricultural Committee and its ranking minority leader were both

from Texas, the state receiving most subsidies. The Senate Agricultural Committee chairman was from Iowa, the second highest receiver of subsidies.

(3) Previous farm legislation was a decisive factor in 2002. Since the 1996 farm bill was perceived by most as a “reform” toward a free-market approach, the success or failure of that bill was more important than the fate of any other farm bill. The 1990 farm bill was a traditional farm bill with price support programs. It was not important to the 1996 farm bill because while the 1990 farm bill was seen as a normal farm bill, the 1996 farm bill was seen as a big change by many. It failed and many interpreted this as the failure of a free-market approach to farm policy. Farm interests wanted to move away from the “free-market experiment” to the more normal and traditional policy that provided a safety-net that had been there since the 1930s.

(4) Commodity prices had an indirect effect on the 2002 farm bill. If the FAIR Act had been a success and commodity prices had not fallen below market-price in 1998 so that the old programs would have been more beneficiary to farmers, the situation in 2001 could have been different. But because of the fall of commodity prices the FAIR Act was labeled a failure, and agriculturalists started to paint a bleak future for American farms if nothing was done. Since market conditions in 2001 and 2002 were fairly stable, they did not have a direct effect.

(5) Over the course of the 2001 and 2002 congressional farm bill debates international agreements were almost never mentioned. Although the Bush administration insisted that the farm bill had to be inside the framework of international agreements, legislators in Congress were not too concerned and complained that the Administration had ceded ground and had received nothing in return. The only important impact of trade agreements was that Combest had included in his bill an amendment that would authorize the Agricultural Secretary to cut subsidies if they violated trade agreements.

During a time when America was faced with the War on Terror, a budget deficit, and an upcoming mid-term election, legislators in Congress worked to pass a new farm bill. The final outcome effectively changed agricultural policy away from a free-market direction. This thesis has confirmed that some of the traditional explanations to the outcome of agricultural policy are still valid. Logrolling, interest group influence, and the agrarian myth are still viable factors that influence agricultural policy. Some factors were

more unique to the 2002 farm bill. A change back to a Democratic control of the Senate, a failed previous agricultural legislation, and the 2002 mid-term election were vital factors explaining why the 2002 farm bill increased spending and changed agricultural policy. If the FAIR Act had not failed and the Democratic Party had not gained electoral gains prior to the 2002 farm bill debate the policy-outcome might have been much more in line with a free-market policy idea.

Concluding Remarks

The Food, Conservation, and Energy Act of 2008 is considered to be a continuation of the 2002 farm bill. A Democratic majority with the support of Republicans managed to override a presidential veto and passed a \$307 billion farm bill in 2008. The legislation provides more commodity subsidies and more spending on food stamps and conservation. Included was also a new program to subsidize biomass crops for fuel (Stout). The 2008 farm bill indicates that party control, interest groups, success of previous farm policy, and the agrarian myth are persistent and important factors explaining agricultural policy-outcome.

The FAIR Act was an arbitrary bill, a result born out of very special political conditions, and not a viable policy as long as the Democratic Party controls Congress. Free-market advocates have concluded that a farm bill similar to the FAIR Act is almost impossible to recreate in the current political environment. The consensus in favor of traditional farm programs looks to be a lot more consolidated today than the consensus of a free-market agricultural policy were in the mid-1990s. Instead of focusing on achieving a full free-market approach to agricultural policy, free traders focus on conservation measures, food stamps, and other policies that are less market-intrusive. It is very unlikely that federal farm subsidies will end in the near future.

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